



FY2019-20 BUDGET STUDY SESSION

**CITY MANAGER'S PROPOSED
OPERATING & CAPITAL BUDGET**

**CITY COUNCIL
BUDGET STUDY SESSION**

Jovan Grogan, City Manager
Keith DeMartini, Finance Director

May 29, 2019



Agenda

- I. City Manager's Welcome & Retreat Goal/Objectives
- II. Citywide Budget and Fiscal Condition Overview
- III. Financial Summaries
- IV. Department Operating Budgets
- V. Capital Improvement Program (CIP) Budget
- VI. Equipment & Vehicles
- VII. Debt Service
- VIII. Questions & Next Steps



Study Session Schedule

Item	Description	Schedule
I.	City Manager's Welcome & Retreat Goal/Objectives	10:00 - 10:15
II.	General Trends and Budget Overview	10:15 - 10:30
III.	General Fund - Financial Summary & Department Operating Budget	10:30 - 11:45
Break		11:45 - 12:00
IV.	Enterprise Funds - Financial Summary & Department Operating Budget	12:00 - 1:30
V.	Internal Service Funds – Department Operating Budget	1:30 – 2:00
Break		2:00 - 2:15
VI.	Capital Improvement Program (CIP) Budget	2:15 - 3:15
VII.	Equipment & Vehicles	3:15 - 3:45
VIII.	Debt Service	3:45 - 4:00
IV.	Questions & Next Steps	4:00 - 5:00



I. City Manager's Introduction & Retreat Goal/Objectives



Budget Retreat Welcome

“The Budget is the key to the City. If you want to see what the City cares about, look at how they allocate the money.”

-Robert Bobb

❖ Simple Ground Rules

- Respect fellow Councilmembers, staff, and the public
- Look forward, not behind
- Ask questions!

❖ Thanks for the commitment to your community



Budget Retreat Objectives

- I. Receive the City Manager's Proposed Operating and Capital Budget for Fiscal Year 2019-20
- II. Understand the City's fiscal condition
- III. Receive updates on achievements, strategic initiatives and challenges for each department
- IV. Ask questions!



Budget Retreat Goal

Depart this room...

- with a deeper understanding of the City of San Bruno's operating and capital budgets
- with knowledge of the immediate and long-term fiscal challenges facing the General Fund and Enterprise Funds
- empowered to articulate the City's fiscal condition and the FY2019-20 proposed budget to your constituents
- feeling satisfied that your questions were addressed or will be addressed by the next budget meeting on June 11



Organizational Mission, Vision & Values

Mission Statement

The City of San Bruno exists to provide exemplary services for our community that enhance and protect the quality of life.

Vision for the Future

San Bruno will be the Peninsula City of choice in which to live, learn, work, shop and play.

Values

The City of San Bruno values:

- ❖ Integrity;
- ❖ Protecting, guarding and shepherding public resources and interests;
- ❖ Teamwork;
- ❖ Exemplary service to the community;
- ❖ Competent, well-trained employees;
- ❖ Friendliness; and
- ❖ Commitment to the community.



City Council Priority Focus Areas (not in any order of preference)

- ❖ Implement Transit Corridor Vision to Revitalize Downtown and Commercial Corridor
- ❖ Assure Rehabilitation & Replacement of Critical Community Facilities and Infrastructure
- ❖ Grow City Revenues to Assure On-Going Fiscal Stability and Economic Vitality
- ❖ Continue to Strengthen Community Connections and Engagement
- ❖ Protect and Improve Community Aesthetics and Safety
- ❖ Continue Proactive Planning for the Future of San Bruno
- ❖ Organizational Health and Employee Success

Budget Process Overview

Budgetary Process and Administration



- Each May the City Manager submits to the City Council a proposed operating and capital budget for the following fiscal year
- Public meetings are conducted to obtain public comments
- Budgets are adopted by City Council in June, and the new budget takes effect on July 1st
- Expenditures may not legally exceed budgeted appropriations
- Quarterly and Mid-year reviews of an adopted budget are conducted annually



High-level Budget Development Calendar

Date	Major Milestone / Tasks
February 11	CM budget instructions to departments
February 26	Council Study Session: Budget priorities and schedule review with City Council
March-April	Staff Budget Development (<i>various internal dates</i>)
April 9	Council Study Session: Finalize City Council Priority Focus Areas and Strategic Initiatives and Revenue/Expense Projection Update
Week of May 20	Budget & Potential Revenue Measure Community Meetings
May 24	City Manager Recommended Budget Submitted to Council
May 29	Council Study Session/Retreat on Proposed Budget
June 11	Council Study Session on Proposed Budget and 1st Budget Hearing
June 25	2nd Budget Hearing and Adoption FY2019-20 Operating and CIP Budget



Budget Challenges

- Significant backlog of deferred capital maintenance projects
 - \$6 million annual deficit in the City's road repair program
- Existing Operational Deficit
- Rising Personnel Benefit Costs
 - Health Insurance
 - Pension Costs
- Expiring Collected Bargaining Agreements
- Cable Enterprise Fund Deficit
- Stormwater Enterprise Fund Challenges
- Needed Personnel Investment
- IT System Maintenance and Investments
- Equipment and Vehicle funding
- Pressure on Fund Balances and Reserves

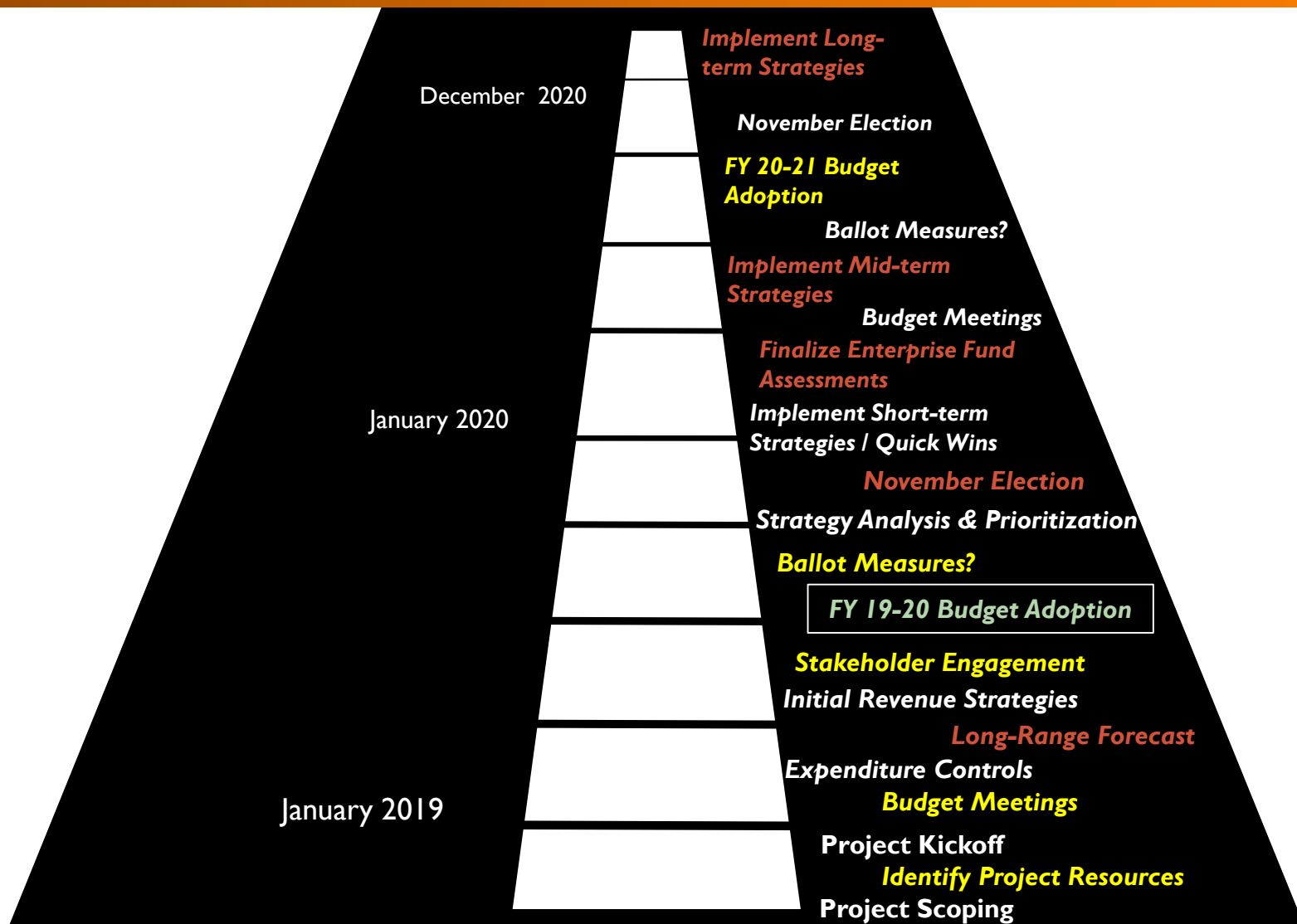
Comprehensive Fiscal Sustainability Project



- Develop a comprehensive understanding of the financial pressures and constraints on the City's General Fund, today and into the foreseeable future.
- 3 goals
 - Understand Our Fiscal Challenge
 - Articulate Our Fiscal Challenge
 - Develop & Implement Strategies



Comprehensive Fiscal Sustainability Project



Comprehensive Fiscal Sustainability Project



Improving our fiscal sustainability

Steps the City has taken thus far to improve fiscal stability include:



Complete

- **Established Development Impact Fees** (*ensures developers pay their fair share*)
- **Standardized and modernized billing practices**
- **Implemented budgetary and expenditure controls and operational efficiencies**
- **Developed Cable Enterprise Business Plan**
- **Long-range Forecasts for General Fund and Other Major Funds**



In Progress

- **Assessing User Fees and Permit Charges** (*to more accurately reflect City costs*)
- **Auditing property tax, hotel room tax, and business license tax payers**
- **Implementing Cable Enterprise Business Plan**
- **Developing Short-term Rental Ordinance**
- **Analyzing surplus and underutilized City property for potential sale or reuse**

City Manager Budget Instructions (FY2019-20)



- Status-Quo Budget, with minimal enhancements
 - Strive to maintain operational budgets at current levels
 - Zero-based budget for contract services, tools and equipment, dues and memberships, publications and subscriptions, and meetings and conferences
 - Limit increases to items necessary to maintain current operational levels
 - *i.e. okay to include increases for contractual agreements*
 - General Fund reserve accounts to be funded to policy target
 - Any additional budget enhancement proposals must align to a City Council Priority Focus Area



II. General Trends and Budget Overview

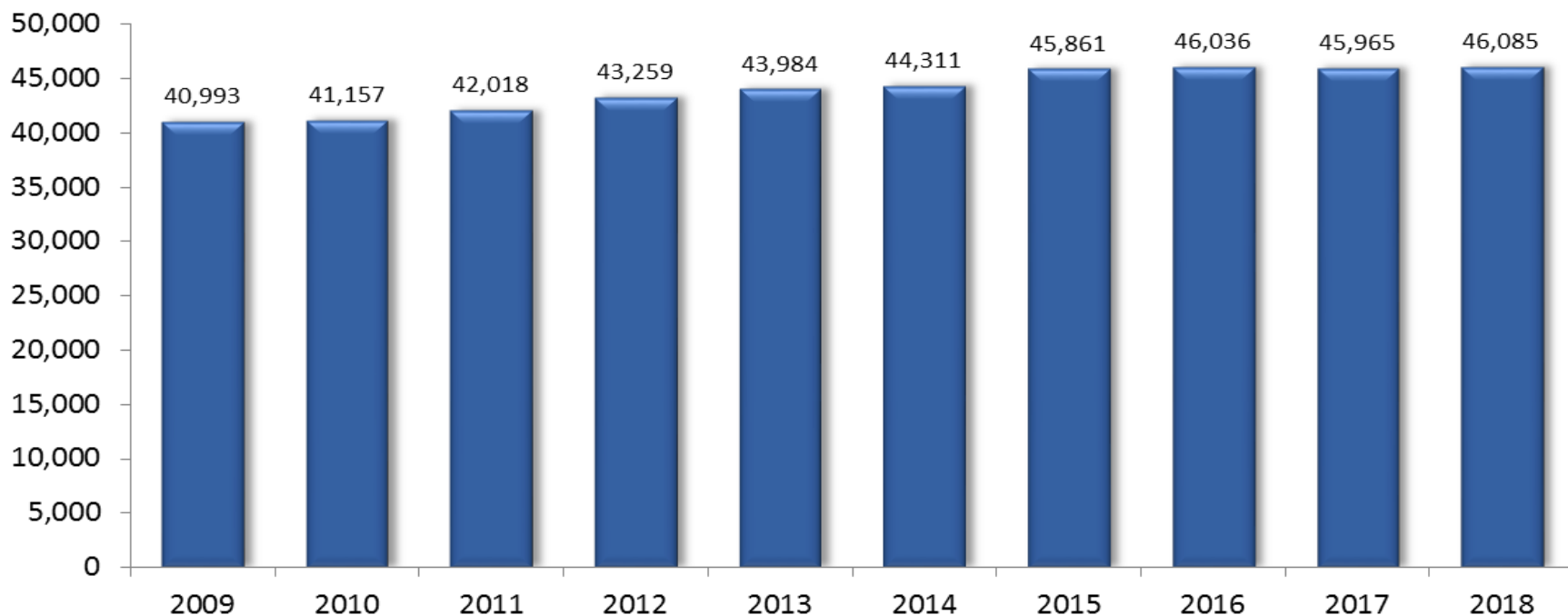
General Trend & Stats



Population Trends

- San Bruno's population has seen a modest increase over last 10 years, growing 12.4% since 2009

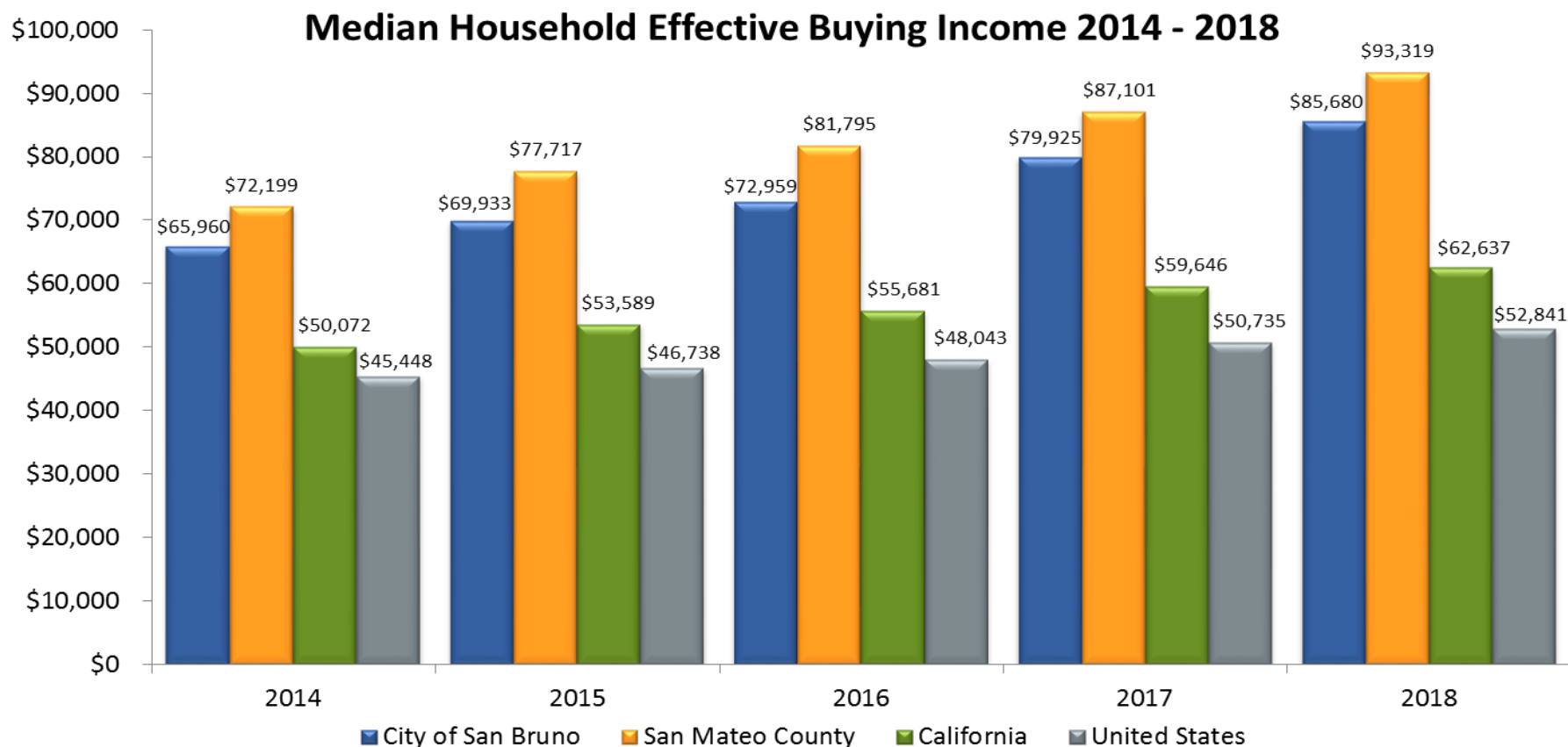
**City Population
Years 2009 - 2018**





Median Household Effective Buying Income

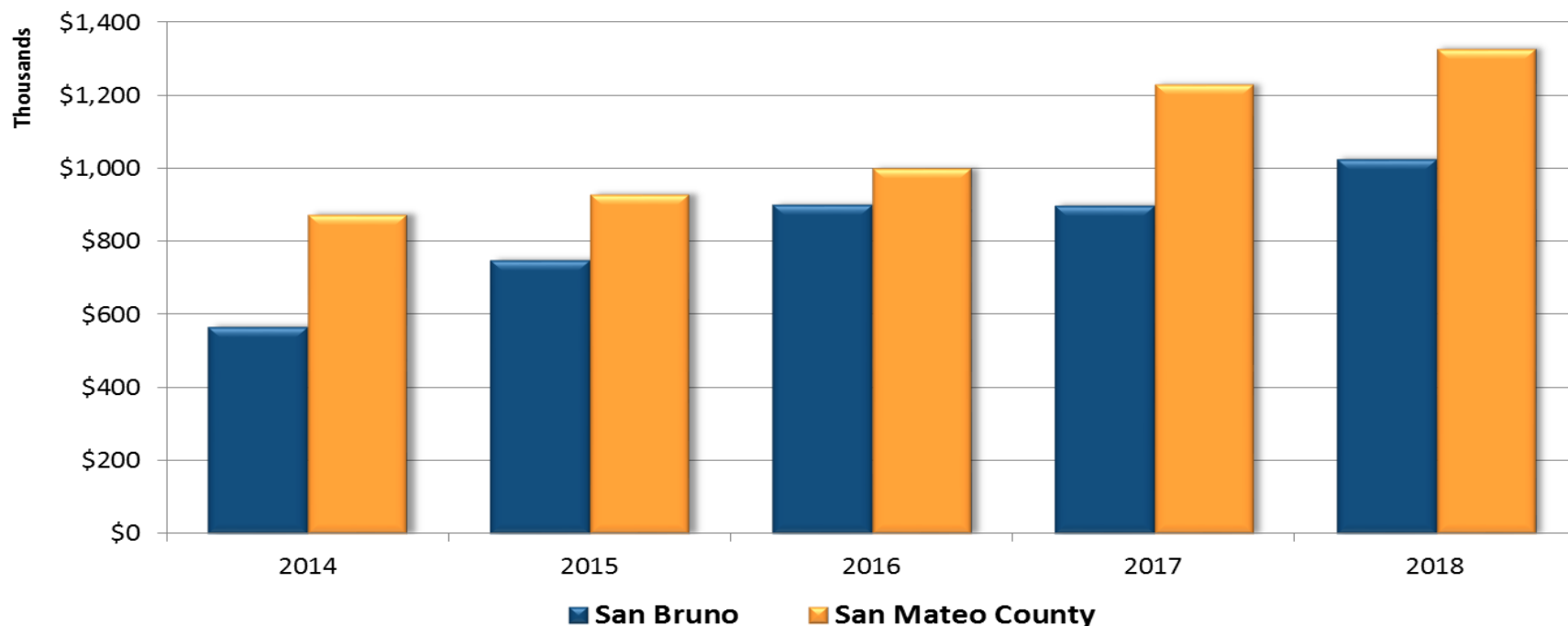
- City's 2018 Median Household Effective Buying Income is 162% of national average
- 56% of housing units in San Bruno are occupied by the owner



Housing Activity

- Upward trend in home prices
- City's October Median Home Sale price was \$1,027,500 compared to County's \$1,329,250

**Median Home Sale Prices
Years 2014 - 2018**

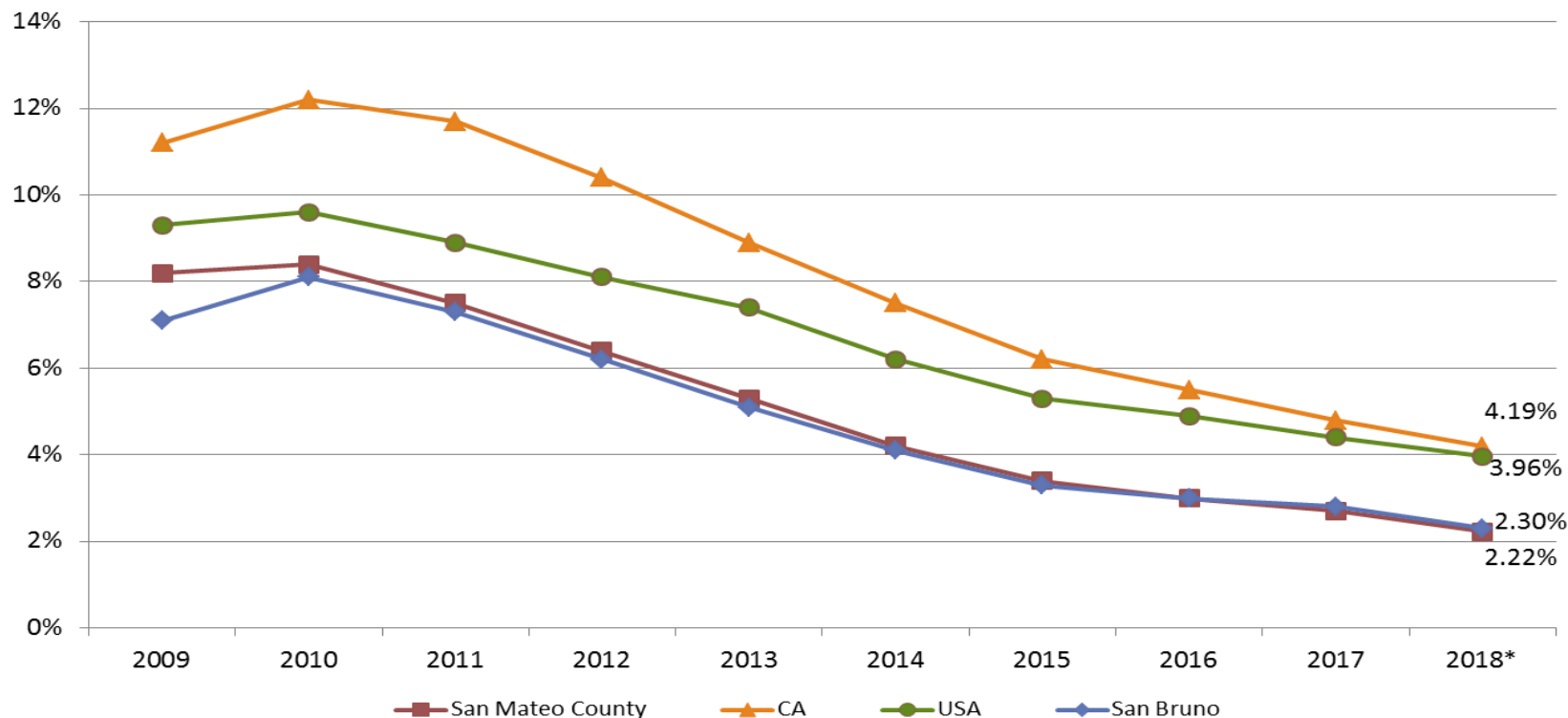




Employment Statistics

- San Bruno's unemployment rate is below the State and national unemployment rates
- Current annual average unemployment equal to 2.30%

**Unemployment Rates
Years 2009 - 2018**



*Reflects average monthly unemployment rate through October 2018

Source: Bureau of Labor Statistics

Principal Employers



Employer	Number of Employees	Percentage of Total Employment (%)
You Tube, Inc.*	2,000	7.43%
Walmart eCommerce	2,000	7.43%
Skyline College	782	2.91%
Artichoke Joe's Casino	415	1.54%
Target Store 1054	300	1.12%
San Bruno Park School District**	272	1.01%
City of San Bruno	230	0.86%
Lowe's HIW, Inc.	168	0.62%
Sears, Roebuck & Co**	167	0.62%
JC Penney Co	154	0.57%
Total	6,488	24.12%

*Includes FT, TVCs and Interns

**Includes both full and part time employees

Note: Totals may not add due to rounding

Source: FY 2017-18 CAFR

Principal Employers



FY2019-20 Budget Stats



**\$188M All
Fund Budget**

**\$50M
General Fund
Budget**

**267 FTE
Positions**

The Good News, The Bad News & The Challenges Ahead...



Good News

- Strategic Priorities identified
- Key positions filled
- Development pipeline
- Strong economy

Bad News

- Declining fund balances
- Many unfunded priorities
- Cable Deficit
- Stormwater Deficit

Challenges

- 4 union contracts to be negotiated
- Rising pension costs
- FY19-20 makes progress towards Fiscal Sustainability, but additional steps and strategies needed

- ▲ Notable changes in the Proposed FY2019-20 Budget
 - General Fund Deficit significantly reduced
 - High-level Summary: Revenues grow 8% compared to last year, and expenditures increase by 5% compared to last year
 - Creation of long-range forecasts for the General Fund and Enterprise Funds
 - Enhancement Requests included in the Proposed Budget Totals
 - Enhancement Requests linked to City Council Priority Focus Areas



III. Financial Summaries



III. General Fund - Financial Summary

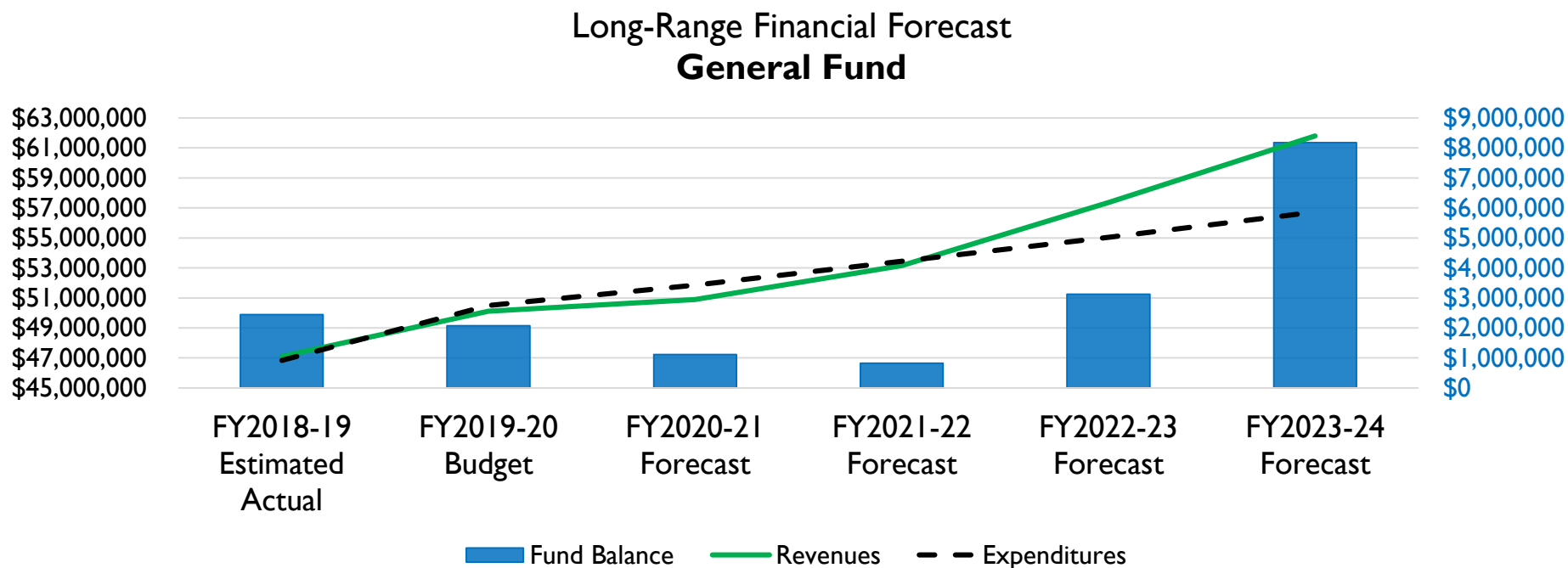


Long Range Financial Plan Overview

- Why it's important!
 - Fiscally conservative and prudent practice
 - Provides context for evaluating budget decisions
- Major funds
 - General Fund (including Capital Reserve)
 - Enterprise Funds (Water, Wastewater, Stormwater & Cable)
- Assumptions
 - Prior year actual and budget changes
 - Future rate and policy assumptions
 - Economic development assumptions for revenue and service delivery



General Fund Long Range Financial Plan



- 3-6% rate increases for major tax/revenue sources
- Conservative assumption for development projects
- 5% personnel cost increases
- No significant service level changes

Source: City of San Bruno, City Manager's Proposed Budget FY2019-20



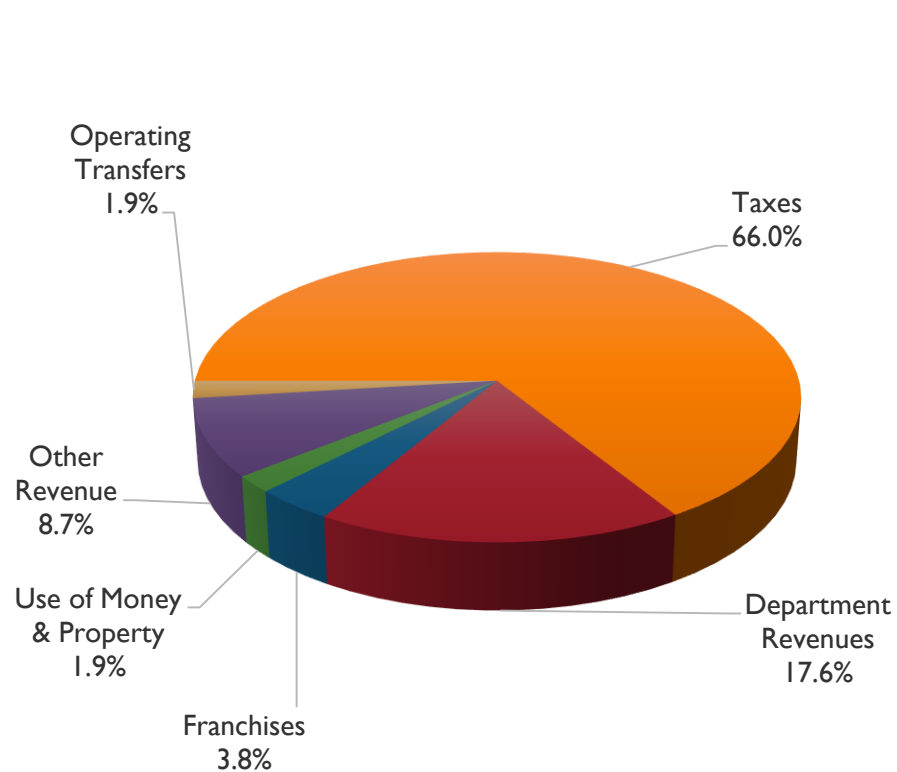
General Fund Summary

	FY2018-19 Adopted Budget	FY2018-19 Estimated Actual	FY2019-20 Proposed Budget
Beginning Fund Balance	\$2,172,101	\$2,172,101	\$2,445,773
Total Operating Revenues	46,110,332	47,102,037	50,111,247
Total Operating Expenditures	(47,041,436)	(46,828,366)	(50,487,625)
Surplus / (Deficit)	(931,103)	273,672	(376,377)
Ending Fund Balance	\$1,240,998	\$2,445,773	\$2,069,396

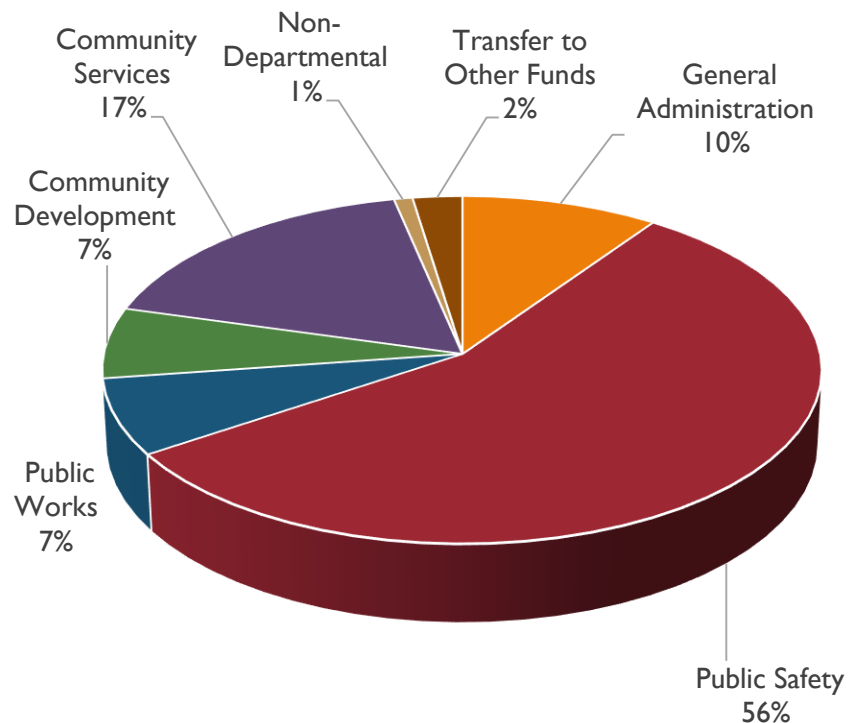
General Fund Summary



General Fund Revenues



General Fund Expenditures





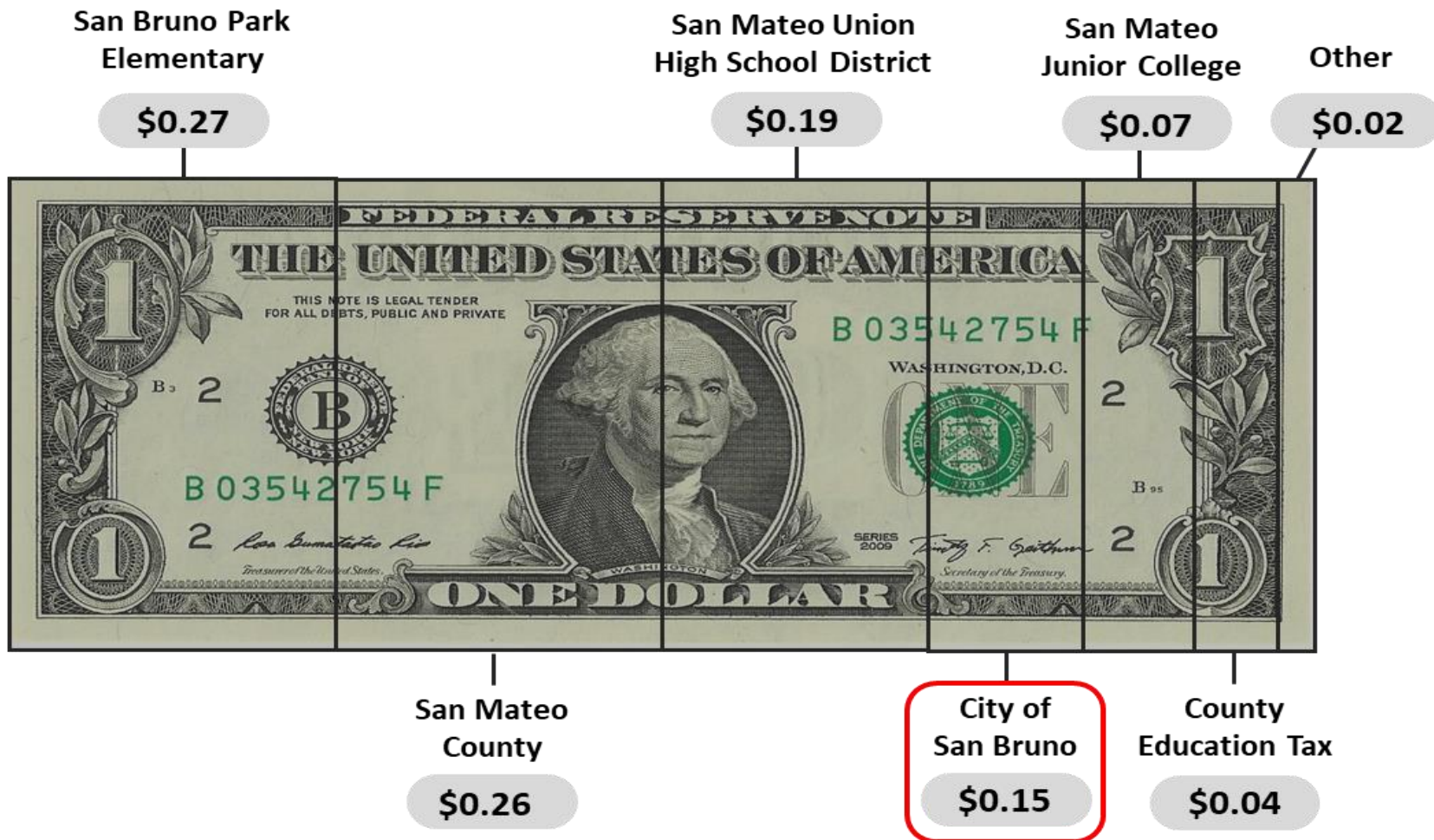
General Fund Revenues

Revenue Source	FY2018-19 Amended Budget	FY2018-19 Estimated Actual	FY2019-20 Proposed Budget	% Change in Budget
Taxes	\$31,288,691	\$32,369,403	\$33,097,802	6%
Franchises	1,869,096	1,857,128	1,903,000	2%
Use of Money & Property	1,312,000	1,432,452	961,691	-27%
Allocation & Other Revenues	4,991,362	4,897,704	5,345,636	7%
Department Revenues	6,743,906	6,545,349	8,803,119	31%
Total	\$46,205,055	\$47,102,037	\$50,111,247	8%



Property Tax Breakdown

Your Property Tax Dollar





Sales Tax Example

Sample Sales Tax Eligible Purchase in San Bruno

Sub-total	\$75.00
Sales Tax (8.75%)	\$6.56
Total Sale	\$81.56

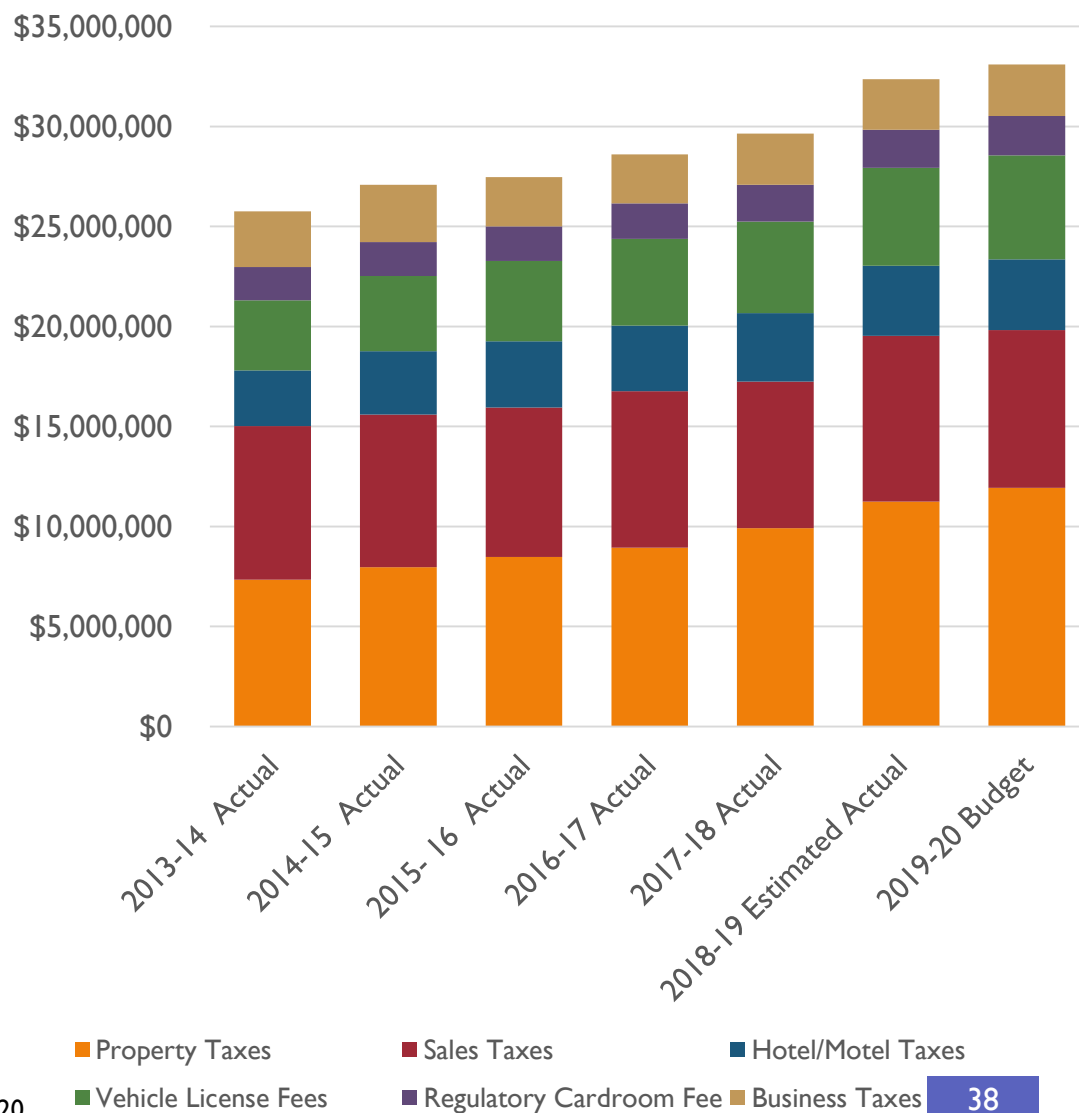
Sales Tax Paid: \$6.56

- State of California \$4.50 (69%)
- County/Districts \$1.31 (20%)
- City of San Bruno \$0.75 (11%)



Property & Sales Tax Revenue Trends

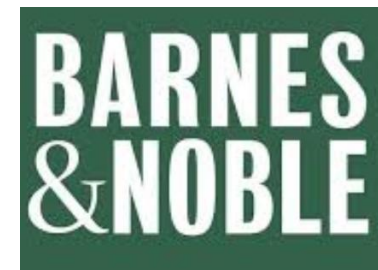
Jurisdiction	Total General Fund Taxes per Capita FY2018-19 Adopted Budget
Daly City	\$566.25
Pacifica	\$658.81
San Bruno	\$664.45
San Mateo	\$1,051.42
Redwood City	\$1,145.41
South San Francisco	\$1,177.39
Burlingame	\$2,053.03



Top Sales Tax Generators

- Top 25 sales tax generators in San Bruno
(alphabetical order)
- Recent Trends
 - Strong service station tax from gas and oil price increases
 - Auto Dealer sales peak last year
 - State-wide trend
 - Recent shift to more leases
 - Average yearly sales tax increase to San Bruno at 1.1%

AT&T Mobility
Barnes & Noble
Best Buy
Beverages & More
BJ's Restaurant & Brewery
Chevron Service Station
Crestmoor Auto Center
CVS Pharmacy
Honda Lease Trust
Jack's Restaurant
JC Penny
Lowe's Home Centers
Marshall's
Melody Toyota
Old Navy Clothing
Red Lobster
RMC Motorcars
S&L Gem Company
Save Mart Supermarkets
Sears
Shell Service Station
Target Stores
Union 76 Service Station
Victory Honda
Wal Mart Stores



Transient Occupancy Tax



Staybridge Suites, 94

Ritz Inn, 23

Regency Inn, 32

Ramada Limited, 58

Howard Johnson
(Hotel Aura), 49

Gateway Inn, 30

Days Inn, 48

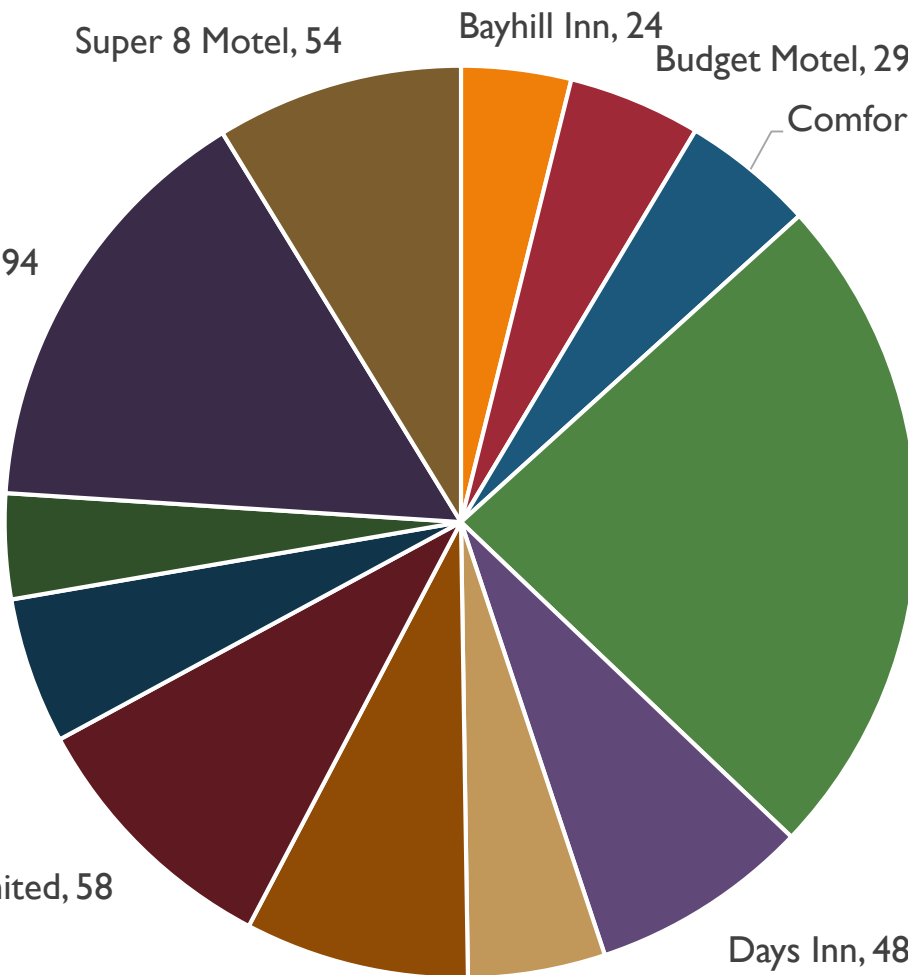
Courtyard by Marriot,
147

Comfort Inn & Suite,
29

Budget Motel, 29

Bayhill Inn, 24

Super 8 Motel, 54



Potential Revenue Measure on November 2019 Ballot



- Brings San Bruno Inline with Peer Communities in San Mateo County
 - The Cities of Belmont, Burlingame, Redwood City, San Mateo, and South San Francisco have add-on sales taxes.
 - Other San Mateo County cities are considering sales taxes for 2020.
- Broadest and Most Equitable Tax Base
 - Sales tax is paid visitors on applicable transactions vs. most other tax types and by residents.
- Significant Revenue Generation
 - \$2,000,000 (1/4 cent) to \$4,000,000 (1/2 cent) per year vs. \$1,500,000 or less for most other revenue measure types.

Potential Revenue Measure on November 2019 Ballot



- Dedicated Local Funding
 - The funding from any sales tax would be entirely local to San Bruno and not subject to County or State raids.
- San Bruno Voters Have Been Supportive of County Sales Taxes
 - Voters have supported recent County sales taxes (Measure W and Measure K) at rates needed to pass a local sales tax in San Bruno.
- A Sales Tax Allows San Bruno Voters to Decide the Future of San Bruno
 - Ultimately the Council can only place a revenue measure on the ballot. Whether a revenue measure passes is up to the San Bruno community.



Election Cycle Timeline



Date	Item
February – April 2019	Conduct community priorities survey
April 23, 2019	Present community priorities survey results at City Council Meeting
May – July 2019	Public education and outreach to San Bruno community
June – July 2019	Internal ballot measure planning and preparation
July 16, 2019	City Council ballot ordinance – 1 st reading (introduction)
July 23, 2019 *	City Council ballot ordinance – 2 nd reading (action item)
August 8, 2019	Last day to place a measure on the ballot for November 2019
November 5, 2019	Election day (absentee ballots mailed week of October 7 th)
April 1, 2020	New tax takes effect if ballot measure passes

* 2/3 vote (or 4 of 5) for City Council approval for measure to be placed on the ballot.

Source: City of San Bruno, City Council Presentation February 19, 2019



Revenue Enhancement Strategies

- Development Impact Fee Program
- Fee Study & Indirect Cost Plan
- Audits
 - Business License Tax
 - Transient Occupancy Tax (TOT)
 - Sales Tax
 - Property Tax
- Utility Billing Process Improvements
- Short-term rentals
- Sale of City-owned property



General Fund Expenditures

Department	FY2018-19 Amended Budget	FY2018-19 Estimated Actual	FY2019-20 Proposed Budget	% Change in Budget
General Government	\$5,035,772	\$4,877,479	\$5,442,221	8%
Police	18,612,932	17,715,479	19,643,409	6%
Fire	11,064,055	10,965,939	11,757,080	6%
Public Works	3,706,081	3,688,678	3,985,771	8%
Community & Economic Development	3,733,240	3,543,793	3,693,932	-1%
Community Services	9,070,570	8,661,185	9,721,758	7%
Non-Departmental	(2,931,818)	(2,623,906)	(3,756,546)	28%
Total	\$48,290,832	\$46,828,366	\$50,487,625	5%



Expenditure Pressures

- Union MOU negotiations
- Rising pension costs
- Health and other insurance costs
- County costs for 2 elections
- CPI on contracts
- IT software maintenance
- Mandates (ADA, etc.)

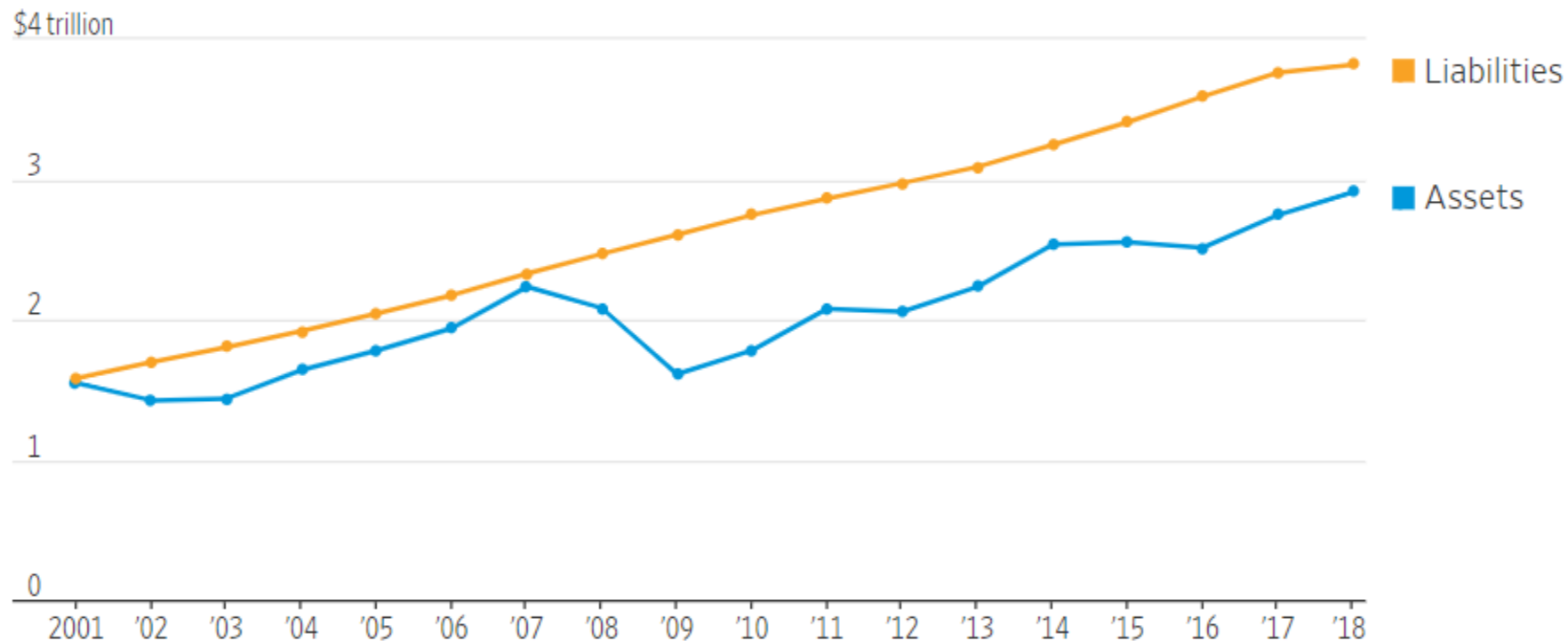


Labor Contracts

Labor Union	Members	Contract Expiration Date
San Bruno Management Employees Association	7	December 31, 2019
Mid-Management Bargaining Unit	34	December 31, 2019
Teamsters Local 856, IBT – Miscellaneous	93	December 31, 2019
Public Safety Mid-Management Bargaining Unit	15	December 31, 2019
San Bruno Professional Firefighters Association	29	December 31, 2020
San Bruno Police Bargaining Unit	50	December 31, 2020
Unrepresented	9	
Total	237	

Pension Costs - Nationwide

Liabilities and assets for major U.S. public pensions



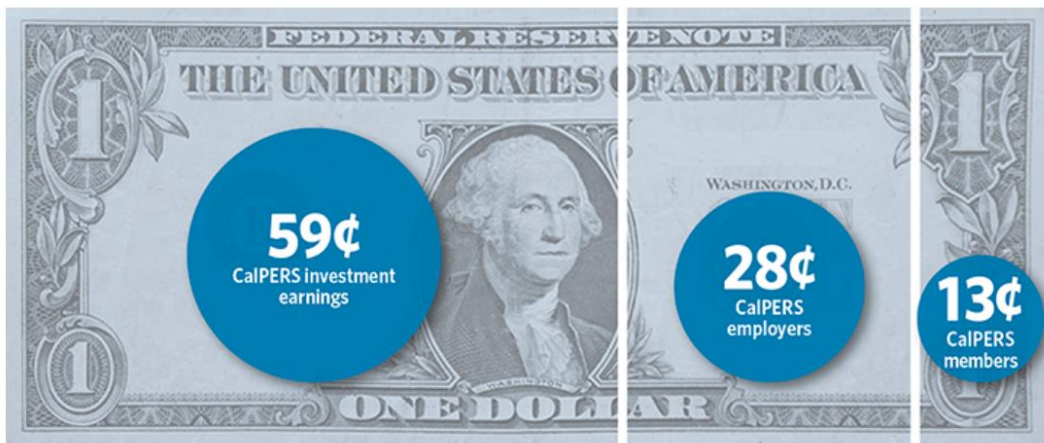
Note: Data cover 109 major pensions for which 2018 data is available.

Source: Boston College Center for Retirement Research

Pension Costs – State/CalPERS

The CalPERS Pension Buck

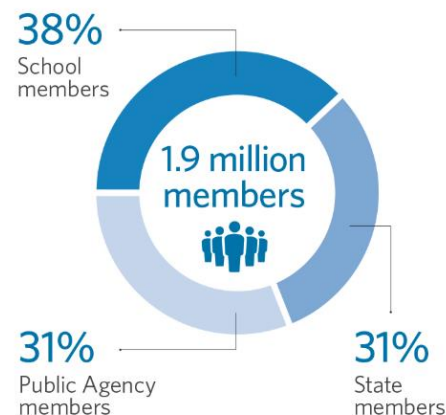
As of June 2018, CalPERS' income over the last 20 years demonstrates that every dollar spent on public employee pensions comes from the following sources:



CalPERS' January 19, 2017 Circular Letter on Increased Contribution Rates

CalPERS Members

As of June 30, 2018



		Normal Cost		UAL Payments	
Valuation Date	FY Impact	Misc. Plans	Safety Plans	Misc. Plans	Safety Plans
6/30/2016	2018-19	0.25%- 0.75%	0.5%- 1.25%	2%- 3%	2%- 3%
6/30/2017	2019-20	0.5%- 1.5%	1.0%- 2.5%	4%- 6%	4%- 6%
6/30/2018	2020-21	1.0%- 3.0%	2.0%- 5.0%	10%- 15%	10%- 15%
6/30/2019	2021-22	1.0%- 3.0%	2.0%- 5.0%	15%- 20%	15%- 20%
6/30/2020	2022-23	1.0%- 3.0%	2.0%- 5.0%	20%- 25%	20%- 25%
6/30/2021	2023-24	1.0%- 3.0%	2.0%- 5.0%	25%- 30%	25%- 30%
6/30/2022	2024-25	1.0%- 3.0%	2.0%- 5.0%	30%- 40%	30%- 40%

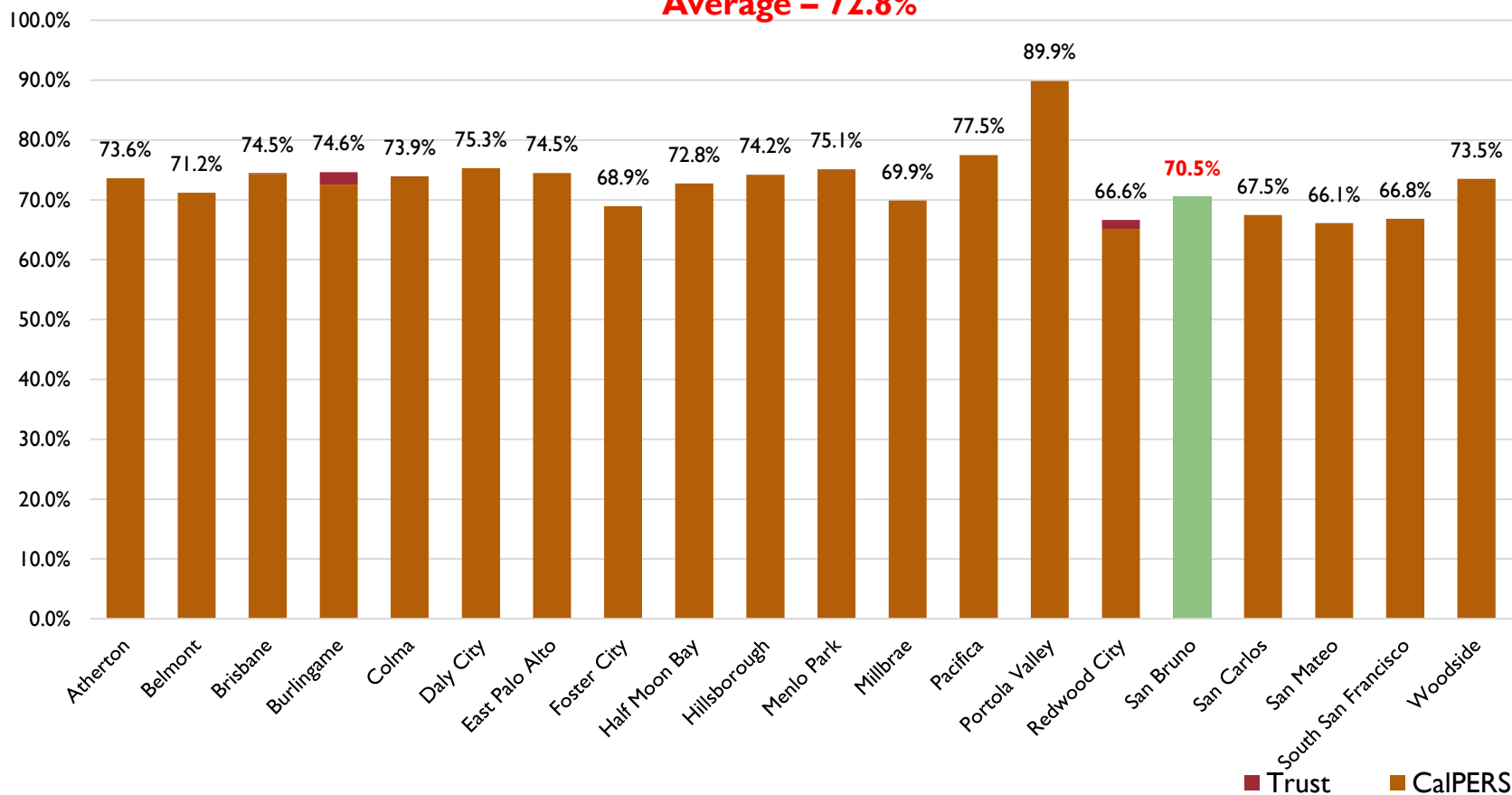
Source: CalPERS
(www.calpers.ca.gov) & City
Manager's Department Pension
Sustainability Working Group
White Paper January 2019



Pension Costs – San Mateo County

Pension Funded Ratio per CalPERS Valuation Report All Cities in San Mateo County Valuation Report for June 30, 2017

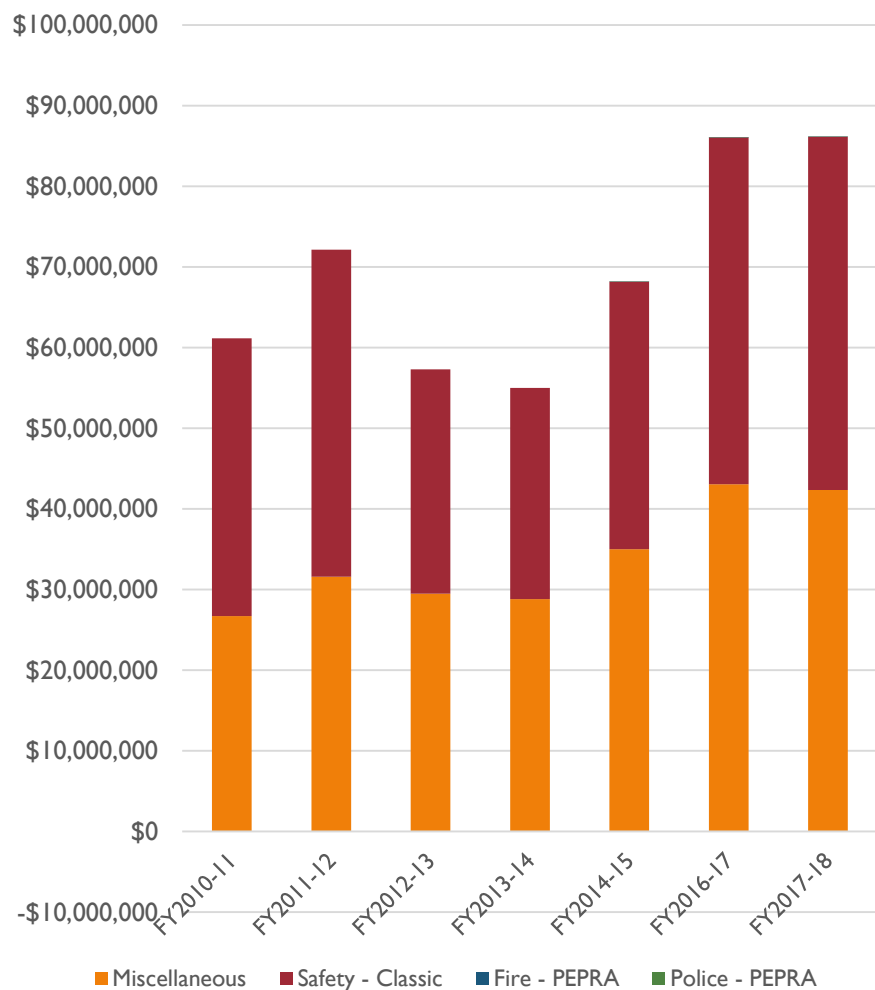
Average – 72.8%



Pension Costs – San Bruno

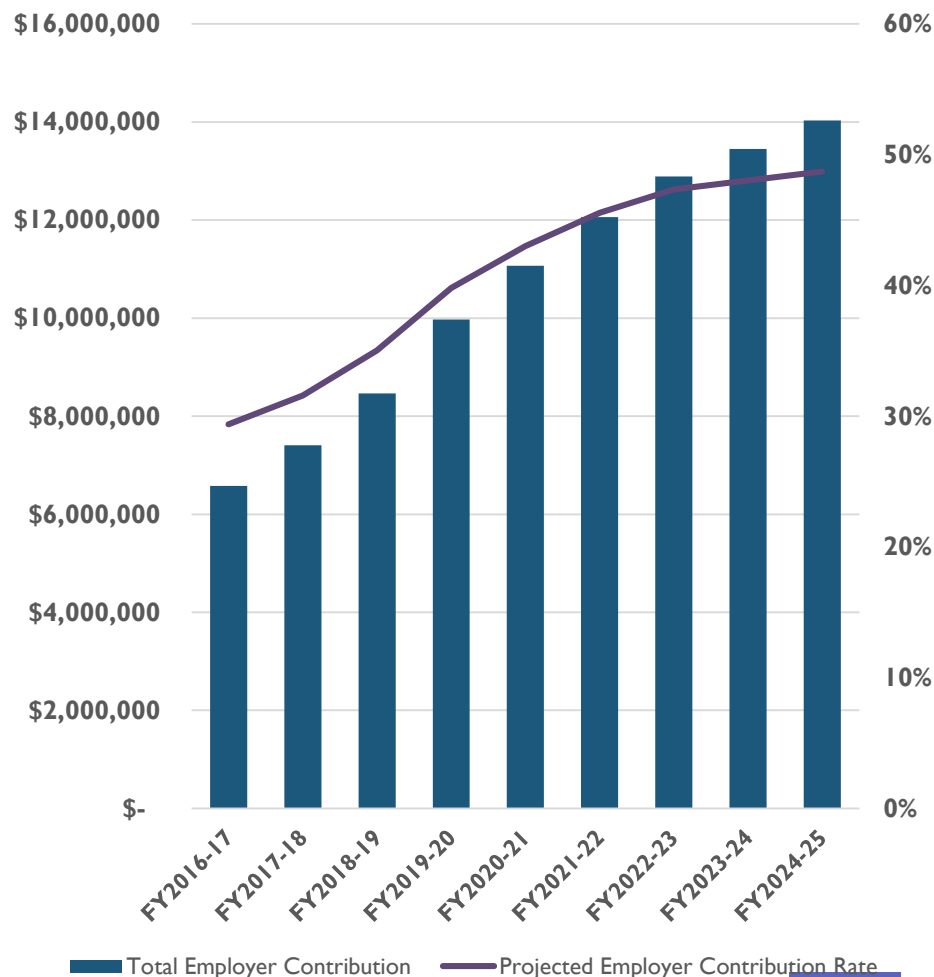


Unfunded PERS Pension Liability



Employer Contribution & Percent of Total

All Plans





General Fund Reserves

Reserve Type	Reserve Policy Target	FY2018-19 Estimated Ending Balance	FY2019-20 Budget Ending Balance
General Fund	\$1,500,000	\$2,445,773	\$2,069,396
General Fund Reserve	25% of annual, budget expenditures	\$12,525,666	\$12,768,488
General Fund Capital Reserve	Goal of \$5,000,000	\$5,809,444	\$5,368,377
Emergency Disaster Fund	Target of \$3,000,000	\$3,198,517	\$3,283,517
Total		\$23,979,400	\$23,489,777



Reserves – Cash Balances

Reserve Type	FY2019-20 Budget Ending Balance
Total General Fund Reserves	\$23,314,677
Cable Enterprise Fund Deficit	(16,069,621)
General Fund Reserves – Cash Balance	7,245,056
Equipment Reserve	3,802,494
One-Time Revenue	318,555
Parks & Facilities Capital	1,936,456
Streets Capital	2,639,615
Technology Capital	64,082
Total Reserves – Cash Balance	\$16,006,258

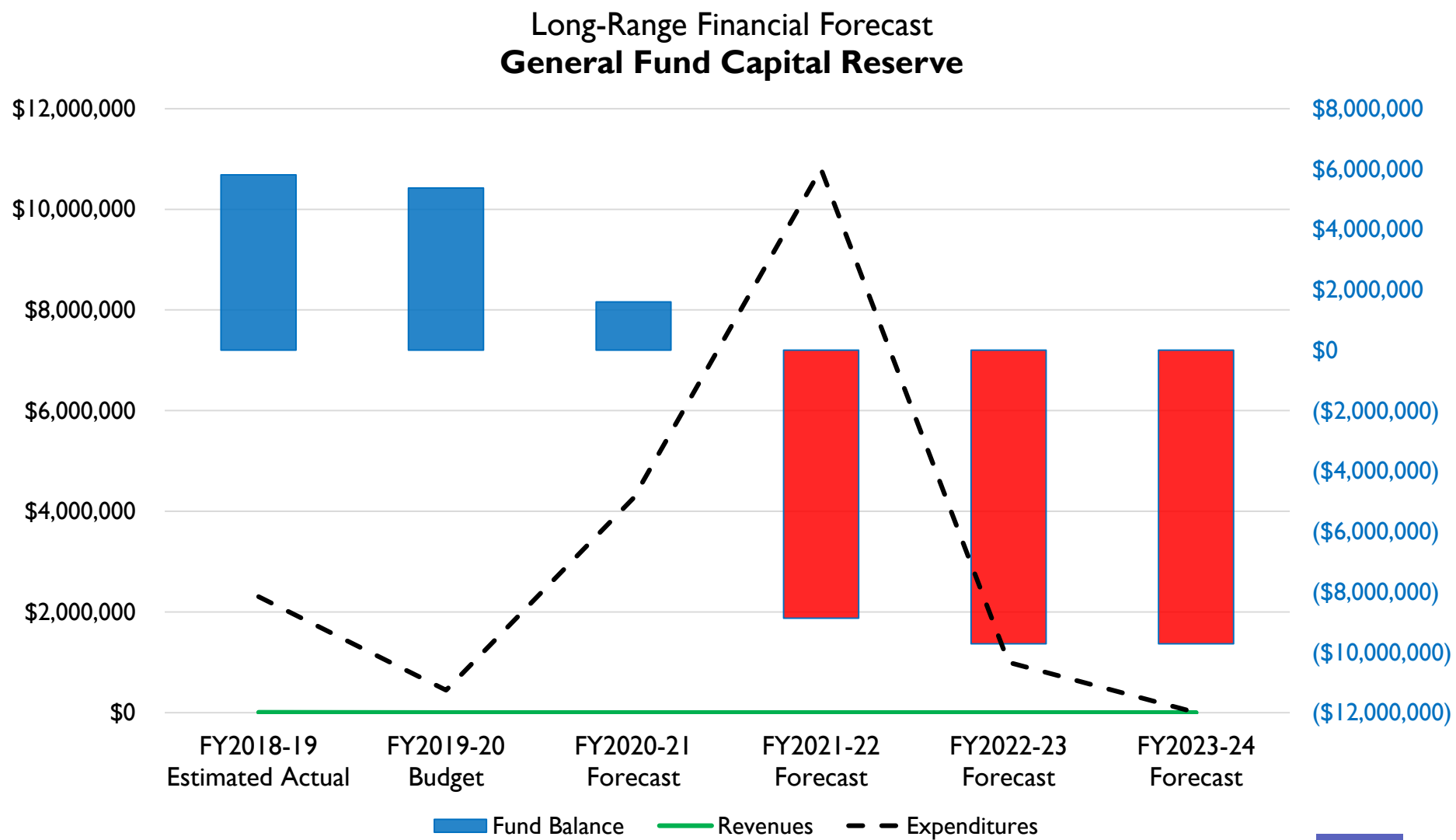


Capital Fund Balances Summary

Fund	Type	FY2018-19 Estimated Ending Balance	FY2019-20 Budget Ending Balance
General Fund Capital Reserve	Unrestricted	\$5,809,444	\$5,368,377
Parks & Facilities Capital	Unrestricted	3,788,651	1,936,456
Development Impact Fees	Restricted	0	6,742,981
Gas Tax - Streets	Restricted	766,468	623,711
Measure A – Street & Sidewalk Maintenance	Restricted	825,990	290,990
Total		\$11,190,553	\$14,962,515

General Fund Capital Reserve

Long Range Financial Plan





General Fund Capital Reserve

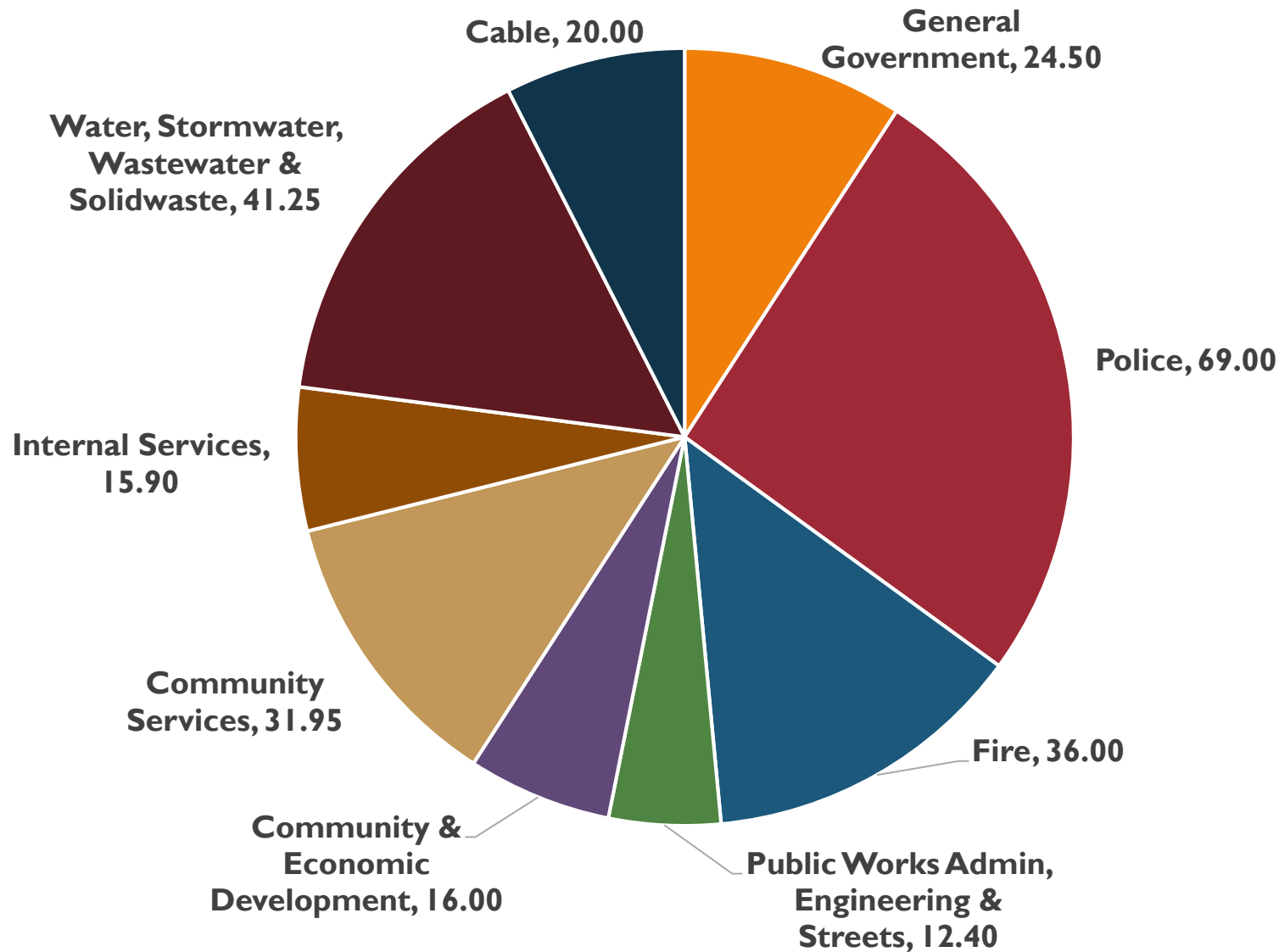
	FY2018-19 Amended Budget	FY2018-19 Estimated Actual	FY2019-20 Proposed Budget
Beginning Fund Balance	\$8,108,710	\$8,108,710	\$5,809,444
Total Revenues	3,938	3,938	3,063
Total Expenditures	(3,247,277)	(2,303,204)	(444,130)
Operating Surplus / (Deficit)	(3,243,339)	(2,299,266)	(441,067)
Ending Fund Balance	\$4,865,371	\$5,809,444	\$5,368,377



III. Financial Summaries - Positions



Position Summary (FY2019-20 FTEs)





Position Summary

Department	FY2016-17 Budget	FY2017-18 Budget	FY2018-19 Budget	FY2019-20 Budget
General Fund	179.20	185.45	188.35	189.85
Special Revenue Funds	2.45	0.95	0.45	0.45
Internal Service Funds	13.40	14.40	14.40	15.90
Enterprise Funds	58.70	58.70	60.80	60.80
Total	253.75	259.50	264.00	267.00



III. Financial Summaries - Enhancements



Enhancement Summary

Fund	Ongoing Costs	One-Time Costs	New Revenue/ Expense Savings	Net Impact on Fund
General Fund	\$563,087	\$58,613	\$50,500	\$571,199
Central Garage	88,840		25,000	63,840
Building & Facilities	109,625	36,250		145,875
Technology	50,220	30,000		80,220
Water	100,000	630,000		730,000
Wastewater	15,000			15,000
Cable		7,000		7,000
Total	\$728,057	\$703,250	\$60,000	\$1,371,307



Enhancements

Dept.	Enhancement	Ongoing Costs	One-Time Costs	New Revenue/ Expense Savings	Net Impact on Fund
Finance	Investment consulting services	\$8,000			\$8,000
Finance	Municipal Financial Advisor consulting services	\$6,000			\$6,000
Building	In-house contracts plan examiner	\$47,320			\$47,320
Building	Assistant Planner	\$97,516			\$97,516
Building	Permit technician	\$79,955			\$79,955
Recreation	Community Day in the Park	\$56,785		\$35,000	\$21,785



Enhancements

Dept.	Enhancement	Ongoing Costs	One-Time Costs	New Revenue/Expense Savings	Net Impact on Fund
Parks	Parks & Facilities Services Manager (0.50 FTE)	\$64,125			\$64,125
Library	Saturday additional service	\$4,671			\$4,671
Central Garage	Mechanic	\$88,840		\$25,000	\$63,840
Building & Facilities	Parks & Facilities Services Manager (0.50 FTE)	\$63,625			\$63,625
Building & Facilities	ADA transition plan		\$36,250		\$36,250
Building & Facilities	Fire alarm system testing & inspection	\$46,000			\$46,000



Enhancements

Dept.	Enhancement	Ongoing Costs	One-Time Costs	New Revenue/Expense Savings	Net Impact on Fund
Technology	Replace Citrix with Microsoft Office 365	\$44,220			\$44,220
Technology	Digitized plan check review system		\$30,000		\$30,000
Technology	Satellite phones	\$6,000			\$6,000
Water	Water master plan update		\$200,000		\$200,000
Water	Tank inspection, cleaning & sediment removal		\$100,000		\$100,000
Water	State-mandated drinking water emergency response plan		\$80,000		\$80,000



Enhancements

Dept.	Enhancement	Ongoing Costs	One-Time Costs	New Revenue/ Expense Savings	Net Impact on Fund
Water	Water main citywide leak detection assessment		\$50,000		\$50,000
Water	Contract repair		\$200,000		\$200,000
Water	Contract concrete repair	\$100,000			\$100,000
Wastewater	State-mandated air quality assessment	\$15,000			\$15,000
Cable	Community promotions		\$7,000		\$7,000



Enhancements Not Included

- Comprehensive fiscal sustainability consulting
- Fire Captain position upgrade (Prevention Management)
- Economic Development Coordinator
- Comprehensive wildland fire hazard mitigation



IV. Department Operating Budgets



City Council

Jovan D. Grogan
City Manager

City Council Overview



5.00 Part-time positions

Develops policies

Governing body

Represents the residents

Appoints City Manager

City Council

Accomplishments & Strategic Initiatives



Accomplishments

- Represents the City on several County and Regional Agency Boards and Committees
- Transitioned newly hired City Manager & City Clerk
- Conducted goal and priority setting meetings
- Conducted a well-attended Community Day event

Strategic Initiatives

- Review and adopt strategic initiatives
- Hold November 2019 municipal election
- Support staff in implanting strategic initiatives and priority projects

City Council Budget



Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$89,794	\$102,550
Expenditures	\$183,052	\$167,582
General Fund Subsidy	\$93,258	\$65,032

Notable Budget Changes & Service Level Challenges

- Health insurance cost increases
- Moved FOCUS newsletter to City Manager
- Minor professional association membership increases



City Clerk's Office

Melissa Thurman
City Clerk



City Clerk Overview

2.0 FTEs

Records the
actions &
proceedings

Administers City's
Record
Management
Program

Maintain San
Bruno Municipal
Code

Official Elections
Officer

Administrative
Support to City
Council

City's Compliance
filing officer

City Clerk

Accomplishments & Strategic Initiatives



Accomplishments

- Completed ordinance & resolution imaging
- Implemented software for CA Fair Political Practices Commission
- Hosted voting center for elections
- Completed recruitments for Commissions, Boards & Committees

Strategic Initiatives

- Implement public records request software with City Attorney
- Implement Agenda Management software
- Conduct local election in November 2019



City Clerk Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$123,186	\$140,687
Expenditures	\$352,806	\$623,338
General Fund Subsidy	\$229,620	\$482,651

Notable Budget Changes & Service Level Challenges

- \$261K cost increase for November 2019 and March 2020 elections
- Minor costs for books for minutes & ordinances
- Training for conferences and workshops



City Manager's Office

Jovan D. Grogan
City Manager



City Manager Overview

4.00 FTEs

Supports City Council by guiding formulation of policies

Management and Oversight of Organization

City Council Policy Development & Strategic Planning

Community Relations & Outreach

Budget Development, Management & Implementation

External Organization Relations



City Manager

Accomplishments & Strategic Initiatives

Accomplishments

- Assisted City Council in hiring a new City Manager and vital positions throughout the City
- Conducted a review of Cable Enterprise
- Conducted ribbon cutting at Earl-Glenview Park
- Continued support of the Bayhill Specific Plan
- Initiated the Comprehensive Fiscal Sustainability Project
- Worked with Senior Leadership & City Council on developing strategic initiatives
- Essential of Emergency Management Training for Senior Team

Strategic Initiatives

- Develop annual program to support City Council Priority Focus Areas
- Pursue various parking strategies for downtown and residential neighborhoods
- Oversee planning for the new Recreation & Aquatic Center
- Close out the Crestmoor Neighborhood Rebuild Project



City Manager Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$868,001	\$894,153
Expenditures	\$1,099,616	\$1,158,675
General Fund Subsidy	\$231,615	\$264,522

Notable Budget Changes & Service Level Challenges

- Salary step, health & pension increases
- Moved FOCUS newsletter from City Council
- Minor increases from annual employee meeting



City Attorney's Office

Marc Zafferano
City Attorney



City Attorney Overview

2.00 FTEs

Legal
Consultation &
support

Identifies
potential risks to
the City

Respond to
public records &
subpoenas

Manage City
related-litigations
& claims



City Attorney

Accomplishments & Strategic Initiatives

Accomplishments

- Draft ordinances for inclusionary housing, cable rates, telecommunications, development impact fees and municipal code updates
- Support the City's efforts with CPUC proceedings involving PG&E
- Complied with increasing number of Public Records Act (PRA) requests
- Legal review & development of documents for development proposals

Strategic Initiatives

- Municipal code revision
- Develop community benefit agreement for City projects



City Attorney Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$232,370	\$255,320
Expenditures	\$486,061	\$545,054
General Fund Subsidy	\$253,691	\$289,734

Notable Budget Changes & Service Level Challenges

- Salary step, health & pension increases
- Additional legal expenses for cell sites and other litigation



Human Resources Department

Tami Yuki
Assistant City Manager



Human Resources Overview

2.50 FTEs

Recruitment &
Retention of
Quality
Employees

Classification &
Compensation

Employee Training
& Development

Employee
Appreciation

Employee Labor
Relations

Benefits
Administration

Compliance with
State & Federal
Employment Law

Risk Management,
Return to Work &
Workers'
Compensation



Human Resources

Accomplishments & Strategic Initiatives

Accomplishments

- Successfully conducted 30 recruitments and onboarded 35 new full-time employees
- Enhanced safety training program
- Expanded annual health fair
- Recommended 3 new job descriptions

Strategic Initiatives

- Negotiate 4 bargaining unit successor agreements
- Review coverage and cost of supplemental benefits
- Research workers' compensation administrator options to enhance claims and cost management
- Continue to review current processes to improve and streamline for efficiency



Human Resources Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$236,507	\$270,107
Expenditures	\$526,052	\$597,182
General Fund Subsidy	\$289,545	\$327,075

Notable Budget Changes & Service Level Challenges

- Salary step, health & pension increases
- Additional consulting support for Union negotiations
- Increase to the pre-employment medical exam account



Finance Department

Keith DeMartini
Director



Finance Overview

10.00 FTEs

Maximize revenue,
reduce costs,
support increased
efficiencies

Maintains fiscal
integrity, internal
controls & financial
soundness

Financial Reporting
& Accounting

Operating &
Capital Budget,
Long Range
Financial Planning

Utility, Business
License & Garbage
Services & Rate
Review

Purchasing,
Accounts Payable &
Receivable, Grant
Management

Payroll

Banking &
Investments



Finance

Accomplishments & Strategic Initiatives

Accomplishments

- New purchasing policy effective 5/1/19
- New Development Impact Fee program effective 5/1/19
- Issued CAFR with no material weaknesses or deficiencies
- Garbage rate review at reduced rate
- Property, sales, business license and transient occupancy tax audits underway
- Prepared the annual operating and CIP budget, including long-range financial forecasting

Strategic Initiatives

- Comprehensive Fiscal Sustainability - revenue enhancements
- Cost Allocation Plan (CAP) and User Fee (UF) Study
- Internal Control improvements (purchasing, cash, payroll, utility billing and business licenses)



Finance Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$1,281,173	\$1,389,176
Expenditures	\$2,388,185	\$2,350,390
General Fund Subsidy	\$1,107,012	\$961,214

Notable Budget Changes & Service Level Challenges

- Salary step, health & pension increases
- Removal of 1-time audit services in FY2018-19
- Minor increases for certifications, training and memberships
- Staffing to support on-going operations, special projects and process improvements
- System challenges and business processes and practices



Police Department

Ed Barberini
Chief



Police Overview

69.00 FTEs

Preserves
community
peace

Build Trust &
Mutual
Respect

Patrol

Traffic &
Parking

Investigations
& Support
Services

Administration

Records &
Dispatch
Services

Contract
Services



Police Accomplishments

Accomplishments

- Fully implemented body-worn cameras, in-car video, and a digital evidence management solution
- Implemented paperless processes to submit cases and evidence to the District Attorney's Office
- Continued to provide an entirely new community outreach program designed to deter underage drinking; U-Deter was an overwhelming success, and has become a test model for future programs via Mothers Against Drunk Driving (MADD) nationwide.



Police Accomplishments

Accomplishments

- Maintained regular drunk driving enforcement details to increase public awareness and participated in the Countywide Saturated Traffic Enforcement Program (STEP) to enhance traffic safety through enforcement and education
- Conducted massage establishment business compliance checks and several burglary suppression operations
- Expanded hours of parking enforcement
- Developed a Bayhill Business Park Stakeholders Group that meets regularly to discuss security related issues



Police Accomplishments

Accomplishments

- Completed a long-term training program that outlines mandated, essential and desirable training requirements for the department. These training requirements are constantly changing and our efforts will continue
- Completed mindfulness and resiliency training to all staff and continued to provide Crisis Intervention (CIT) and de-escalation training. Several officers successfully utilized skills learned in these courses while handling calls for service involving people experiencing a mental health crisis



Police Accomplishments

Accomplishments

- Trained additional officers to expand the bicycle patrol program for enforcement and outreach purposes at community events, the Downtown corridor, Tanforan Mall, etc. to enhance safety and connections with the community
- Issued all personnel safety tourniquets and NARCAN and provided the applicable training
- Completed the After Action Report for the YouTube Shooting Incident
- Conducted site assessments, training, and exercises at City Hall as well as Parkside and Capuchino Schools. Hosted and completed Rescue Task Force Training



Police Accomplishments

Accomplishments

- Facilitated numerous Community Oriented Policing events throughout the past year to include; Coffee with a Cop, “MADD Bay Area Walk Like MADD” Event Special Olympics Torch Run, Special Olympics Tip-A-Cop Fundraiser
- Participated in literacy programs with the San Bruno Park School District and San Bruno Library
- Continued the development of neighborhood watch groups



Police Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$1,750,215	\$2,119,055
Expenditures	\$18,612,932	\$19,643,409
General Fund Subsidy	\$16,862,717	\$17,524,354

Notable Budget Changes & Service Level Challenges

- Cost of Living, salary step, health & pension increases
- Removed 1-time training and vehicle items from FY2018-19
- Additional contribution to County Animal Care Shelter Facility and services
- Increased internal allocations and charges



Police Strategic Initiatives

Strategic Initiatives

- Enhance Traffic Safety and Prevent Impaired Driving
- Development of Internal Support Processes for Police Personnel
- Conduct Site Assessments and Response Plans for Critical Locations
- Replacement of the Police Department Public Safety Radio Infrastructure
- Expand Services to Homeless in an Effort to Secure Permanent Housing
- Development of a Public Safety Unmanned Aircraft System (UAS)
- Secure a Public Safety Incident Command Vehicle
- Promote the Registering of Personal Surveillance Cameras with the Police Department
- Expand the San Bruno Police Reserve Program
- Ensure Compliance of Specific Business Types Identified by Code
- Secure Employee Parking Lot at the Police Department



Fire Department

Dave Cresta
Chief



Fire Overview

36.00 FTEs

Station 51 – One
Advanced Life
Support Engine
Company

Station 51 – One
Advance Aerial
Life Support Truck
Company

Station 52 – 1
Advanced Life
Support Engine
Company

Protect health, life
and property

Fire prevention,
public education

Emergency
medical services

Community
preparedness



Fire Accomplishments

Accomplishments

- Completed succession planning training
- Implemented countywide exposure reduction policies
- Adopted local amendments to Fire Code
- Responded to out-of-county strike teams
- Completed 480 state-mandated inspections
- Evaluated records management system
- Conduct analysis of all apparatus, vehicles, equipment and facility replacement needs



Fire Strategic Initiatives

Strategic Initiatives

- Expand use of tracking software to streamline billing for fire prevention services
- Communications with community using website and social media
- Emergency Operations Center (EOC) Training
- Emergency Shelter Equipment
- Implement new records management system
- Wildland risk assessment
- Procedures to reduce firefighter exposure to carcinogens



Fire Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$317,316	\$537,237
Expenditures	\$11,064,055	\$11,757,080
General Fund Subsidy	\$10,746,739	\$11,219,843

Notable Budget Changes & Service Level Challenges

- Increased permit & plan check fees from development
- Cost of Living, salary step, health & pension increases
- Additional health screening & testing
- Increased internal allocations and charges



Public Works Department Administration & Engineering Div.

Jimmy Tan
Director

Public Works Administration & Engineering Overview



6.70 FTEs

Maintenance & Capital
Improvements to
Infrastructure

Professional
Engineering Resource

High Level Strategic
Management

Management &
Coordination of
Capital Improvement
Program

Technical &
Administrative Support
to Traffic, Safety &
Parking Committee

Respond to Urgent
Community Needs

Public Works Admin & Engineering Accomplishments & Strategic Initiatives



Accomplishments

- Completed design/study for 20 projects, including sewer & water replacements, pump stations and meters
- Completed construction for 11 projects, including pressure regulators, downtown parking lot rehab and water & sewer replacements

Strategic Initiatives

- Rehabilitate or replace critical facilities and infrastructure



Public Works Admin & Engineering Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$1,231,298	\$1,433,053
Expenditures	\$1,710,218	\$1,931,865
General Fund Subsidy	\$478,920	\$498,812

Notable Budget Changes & Service Level Challenges

- Salary step, health & pension increases
- Additional commercial business inspection, surveys, geotechnical engineering & traffic studies
- Support of Sea Level Rise Agency



Public Works Department Streets Division

Jimmy Tan
Director



Streets Overview

5.70 FTEs

Street & right-of-way maintenance services

Customer Service Activities

Respond to Urgent Community Needs

Routine Repair & Maintenance

Regulatory compliance



Streets

Accomplishments & Strategic Initiatives

Accomplishments

- Traffic signal rehabilitation at 6 intersections
- Replaced 113 signs, straightened 26 bent poles, straightened 41 signs and replaced 73 damaged poles
- Repaired 58 streetlight outages

Strategic Initiatives

- Provide highest quality network of pavement possible at available funding level
- Maintain roadways to prevent surface damage
- Enhance aesthetic appeal of roadway



Streets Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$873,200	\$860,800
Expenditures	\$1,995,863	\$2,053,906
General Fund Subsidy	\$1,122,663	\$1,193,106

Notable Budget Changes & Service Level Challenges

- Salary step, health & pension increases
- Anticipated reduction to supplies and equipment



Community & Economic Development Department

Darcy Smith
Director



Planning Overview

6.25 FTEs

Bayhill Specific Plan

Innovative Economic
Development &
Land Use

Zoning Code
Updates, Parking &
Streetscape Plans

Development
Project Review

Large projects,
residential additions,
accessory dwelling
units (ADUs)

Review building
permits



Planning

Accomplishments & Strategic Initiatives

Accomplishments

- Completed Downtown Parking Management Plan
- Progress completing Bayhill Specific Plan and YouTube Phase I Entitlement
- Progress completing Zoning Code update and small wireless facilities ordinance
- Initiated San Mateo Avenue Streetscape Plan
- Development project entitlements and building permit activity

Strategic Initiatives

- Downtown Parking Management Plan
- Downtown Streetscape Plan
- Zoning Code Update
- Bayhill Specific Plan and YouTube Phase 1 Entitlement
- Economic Development Program
- Small Wireless Facilities in Public Right-of-Way



Planning Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$272,575	\$180,000
Expenditures	\$1,563,246	\$1,348,067
General Fund Subsidy	\$1,290,671	\$1,168,067

Notable Budget Changes & Service Level Challenges

- Realign FY2019-20 revenues to expected activity
- Fee study – cost recovery for development activities
- Modification of current 1-time enhancements from FY2018-19 to address workload
- Business process improvements
- High profile and timely strategic initiatives



Building Overview

9.75 FTEs

Building permit
processing –
increased activity

Plan check review and
inspections

Review planning
application submittals
for development
projects

Code Enforcement

Respond to
complaints, identify
and resolve violations



Building Accomplishments & Strategic Initiatives

Accomplishments

- Deployed digital handheld devices with upgraded software to Building Inspectors and Code Enforcement Officers to improve field operation efficiencies
- Deployed “soft launch” of online permit submittals for routine permit applications
- Adoption of floodplain hazard management ordinance
- Development impact fee implementation
- Added 1 Code Enforcement Officer
 - Opened 332 cases and closed 302 cases

Strategic Initiatives

- Floodplain Hazard Management Ordinance
- Implement Online Permitting through e-TRAKit



Building Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$2,160,000	\$3,744,629
Expenditures	\$2,169,994	\$2,345,865
General Fund Subsidy	\$9,994	(\$1,398,764)

Notable Budget Changes & Service Level Challenges

- Increased permit revenue for large development projections in the pipeline with multi-year activity
- Salary step, health & pension increases
- Increased plan check and inspection activity
- Modification of current 1-time enhancements to address workload and reduce costs



Community Services Department Recreation Division

Joanne Magrini
Director



Recreation Overview

4.90 FTEs

Programs,
Services,
Community
events & activities

Benefit health &
well-being of the
community

International
Friendship
Exchange Program

Community
Engagement

New parks &
Recreational
Facilities

Enrichment
Classes

Aquatic Activities

Youth programs

Special Events



Recreation Accomplishments & Strategic Initiatives

Accomplishments

- Expanded After School Adventures program
- Recreation & Aquatic Center (RAC) support through design phase
- Implemented new registration and reservation software system

Strategic Initiatives

- RAC construction drawings and secure temporary facilities
- Recreation registration software upgrade to include automated renewal payments for ASA programs
- Staff scheduling software implementation



Recreation Budget

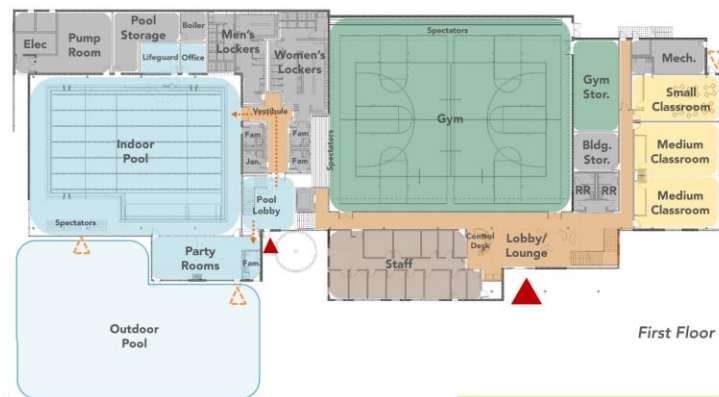
Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$1,808,000	\$1,735,000
Expenditures	\$2,339,869	\$2,566,552
General Fund Subsidy	\$531,869	\$831,552

Notable Budget Changes & Service Level Challenges

- Increased after school program revenue but reduced aquatic, sports and other revenue assumptions
- Salary step, health & pension increases
- Minimum wage impact effective January 1st

Recreation & Aquatic Center

- PG&E pipeline explosion in 2010
- Restitution payment to rebuild the Crestmoor neighborhood
- San Bruno Community Foundation formed:
 - \$50 Million allocated to a new Recreation & Aquatic Center
- Conceptual design complete, including an indoor pool, gymnasium, fitness & weights, classrooms and staff offices
- Schematic design is underway
- Construction is expected to begin in late 2020



East Facade City Park Way



Community Services Department Parks Division

Joanne Magrini
Director



Parks Overview

15.55 FTEs

Maintenance of
City Parks,
facilities and
schools sites

Care &
Cultivation of
Landscaping

Trees Maintenance

Supports
Beautification Task
Force



Parks

Accomplishments & Strategic Initiatives

Accomplishments

- Completed construction of Earl/Glenview Park
- Completed restoration of park pathways at Grundy & Commodore Park
- Collaborated with Public Works to complete final phase and installation of landscaping improvements in medians on San Bruno Ave

Strategic Initiatives

- Commodore Dog Park Master Plan and Revitalization
- Florida Ave Park
- West Coast Arborist Tree Planting Grant Project



Parks Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$37,100	\$38,700
Expenditures	\$3,133,780	\$3,311,322
General Fund Subsidy	\$3,096,680	\$3,272,622

Notable Budget Changes & Service Level Challenges

- 0.50 FTE Parks & Facilities Services Manager enhancement
- Attrition savings and salary step, health & pension increases
- Minor increases for parks and restrooms supplies



Community Services Department Senior Center Division

Joanne Magrini
Director



Senior Services Overview

3.65 FTEs

Promote Active,
Healthy and
engaged
community seniors

Special Events,
activities &
services

Parks & Trees
Maintenance

Senior Nutrition
services

Senior
transportation
services



Senior Center Accomplishments & Strategic Initiatives

Accomplishments

- Lift, stage curtains and bench dedication installation
- Held memorial bocce tournament and offered new hula dancing class
- Offered additional performances, safety demonstrations and educational seminars during the lunch program

Strategic Initiatives

- ADA compliance year one implementation
- Introduce the charitable bequest program
- Increase the number of voluntary supporter memberships



Senior Center Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$210,900	\$221,000
Expenditures	\$1,211,593	\$1,328,899
General Fund Subsidy	\$1,000,693	\$1,107,899

Notable Budget Changes & Service Level Challenges

- Salary step, health & pension increases
- Minimum wage impact effective January 1st



Community Services Department Library Division

Joanne Magrini
Director



Library Overview

7.85 FTEs

Life-long learning
& Literacy
materials &
resources

Educational &
Personal
Enrichment
services

Special Programs
& Events

Online Services

Support Culture
& Arts
Commission
Events

Accomplishments & Strategic Initiatives

Accomplishments

- Conducted weekly outreach visits to Senior Center to issue library cards and check out materials
- Introduced Winter Reading Program
- Launched automated renewals program

Strategic Initiatives

- Automated renewals program
- 3D Printing Program
- Food for Fines program
- Installation of equipment for electronic devices



Library Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$73,000	\$67,698
Expenditures	\$2,385,328	\$2,514,985
General Fund Subsidy	\$2,312,328	\$2,447,287

Notable Budget Changes & Service Level Challenges

- Overdue fines no longer assessed on hold materials
- Salary step, health & pension increases
- Minimum wage impact effective January 1st
- Increased selection of e-books due to popularity
- Additional Saturday programming



IV. Enterprise Funds - Financial & Operating Summaries





Public Works Department Water Division

Jimmy Tan
Director



Water Overview

17.95 FTEs

Potable Water
Production &
Delivery

Water
Conservation
Programs

Respond to
Urgent
Community
Needs

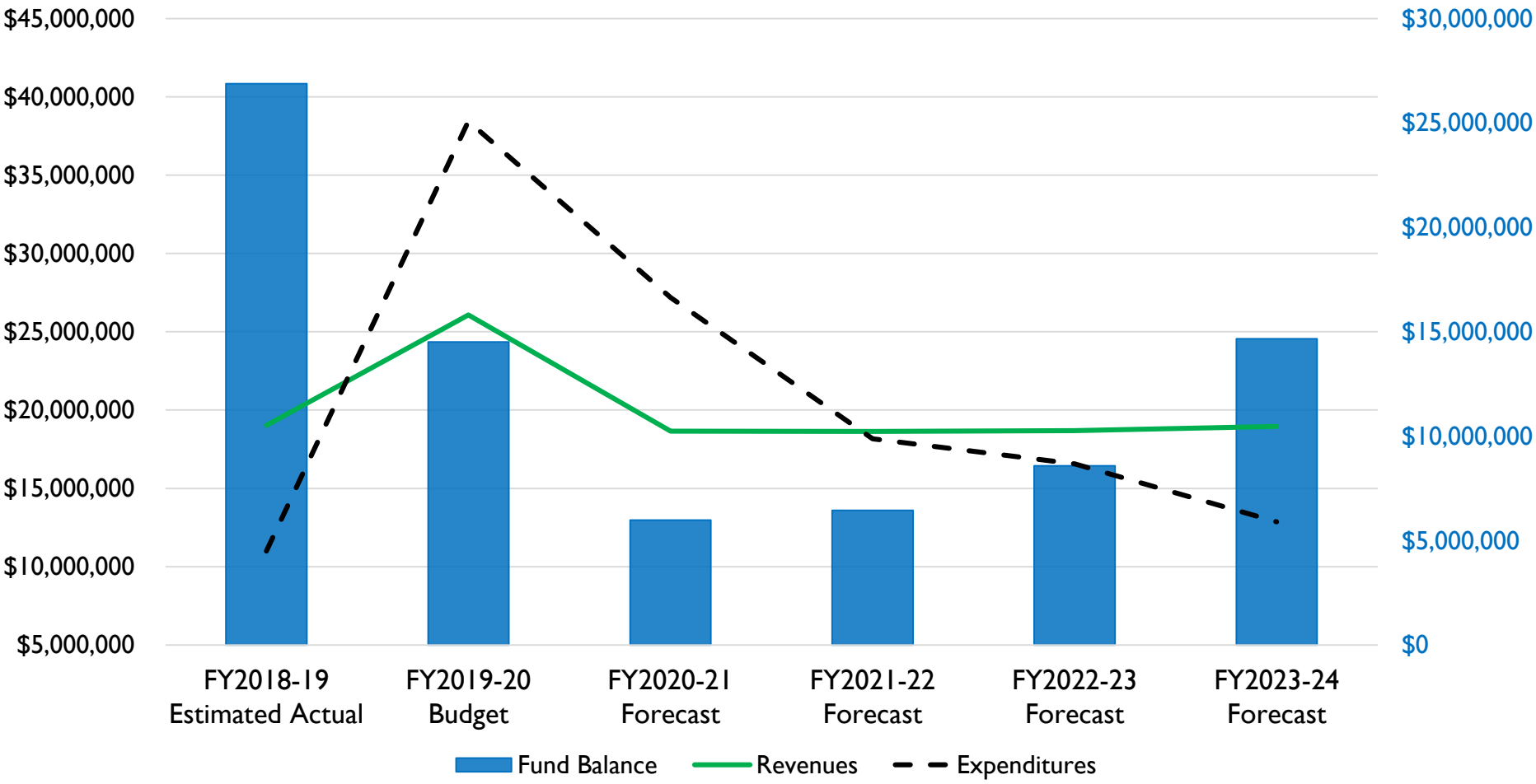
Routine &
Preventative
System Repair &
Maintenance

Regulatory
Compliance



Water Long Range Financial Plan

Long-Range Financial Forecast
Water Enterprise Fund



Source: City of San Bruno, City Manager's Proposed Budget FY2019-20

Water Enterprise



	FY2018-19 Amended Budget	FY2018-19 Estimated Actual	FY2019-20 Proposed Budget
Beginning Fund Balance	\$18,861,279	\$18,861,279	\$26,882,473
Total Operating Revenues	15,742,594	15,914,914	16,583,260
Total Operating Expenditures	(9,485,874)	(8,268,194)	(10,027,198)
Operating Surplus / (Deficit)	6,256,720	7,646,720	6,556,062
Total CIP, Debt Proceeds, & Equipment	(14,597,654)	374,474	(18,925,813)
Ending Fund Balance	\$10,520,345	\$26,882,473	\$14,512,722

Accomplishments & Strategic Initiatives

Accomplishments

- Completed annual water report and water loss audit with state water board
- Completed San Bruno Consumer Confidence Report newsletter of water usage and conservation programs

Strategic Initiatives

- Update Water Master Plan
- Advanced Water Meter
- Arbor Court pressure regulating valve replacement
- Multiple Avenues Water Replacement
- Lake Drive, Princeton, Sneath and Whitman Pump Stations
- Cunningham Drive & Sweeney Ridge Tank Replacement Project
- Glenview, Piedmont, Rollingwood and Oakmont Drive Pressure Regulating Station Replacement



Water Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues	\$15,742,594	\$16,583,260
Expenditures	\$9,985,274	\$10,458,368
Surplus / (Deficit)	\$5,757,320	\$6,124,892

Notable Budget Changes & Service Level Challenges

- Additional revenues from 5% rate increase and higher returns on investments
- Attrition savings and salary step, health & pension increases
- Enhancements: water master plan, tank inspections, water emergency response plan and leak detection assessment



Public Works Department Wastewater Division

Jimmy Tan
Director



Wastewater Overview

16.80 FTEs

Sewer Collection
System
Maintenance &
Operation

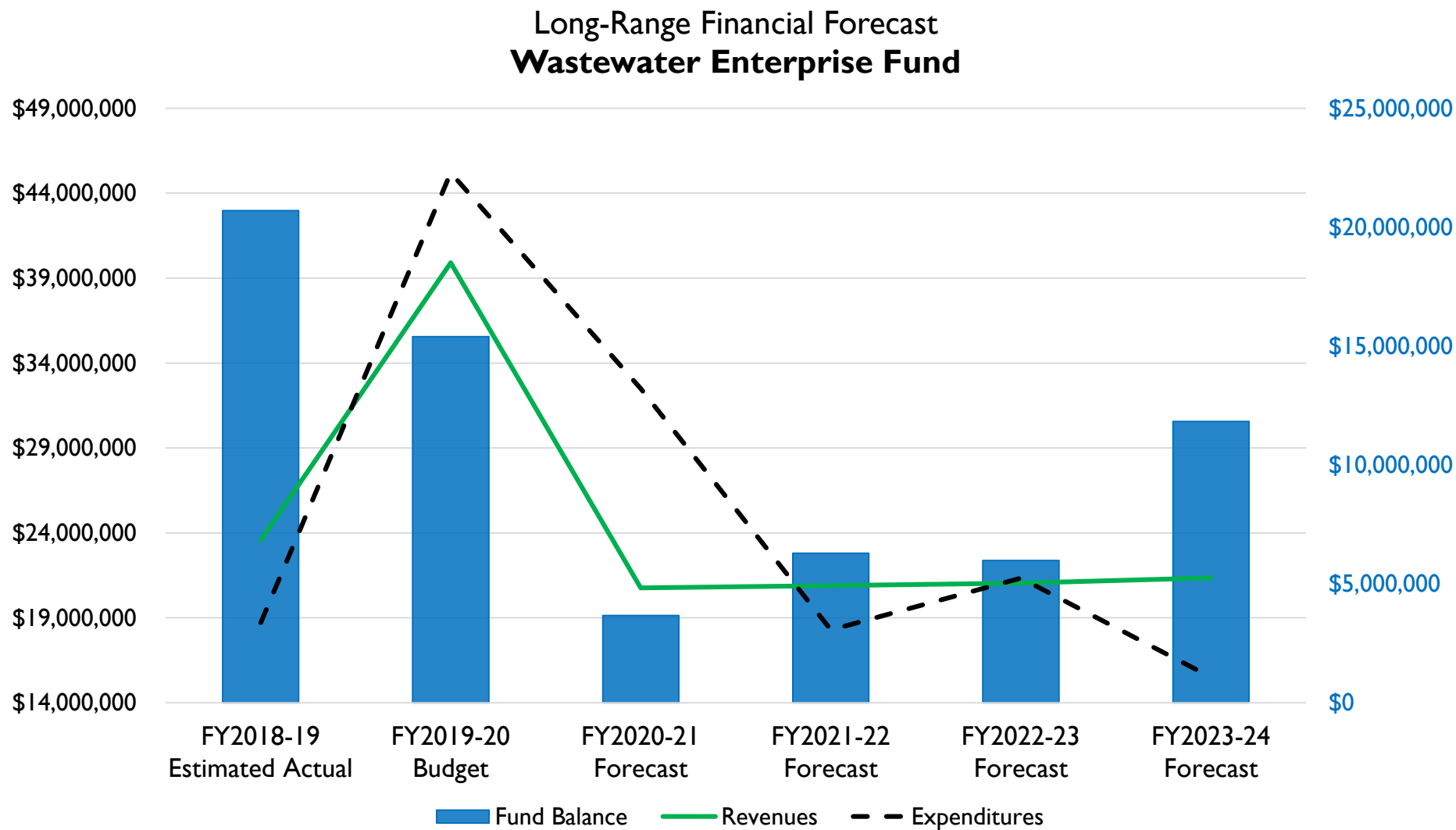
Maintenance of
Wastewater
Collection System

Response to
Urgent
Community
Needs

Regulatory
Compliance



Wastewater Long Range Financial Plan





Wastewater Enterprise

	FY2018-19 Amended Budget	FY2018-19 Estimated Actual	FY2019-20 Proposed Budget
Beginning Fund Balance	\$15,827,894	\$15,827,894	\$20,691,679
Total Operating Revenues	17,663,327	18,158,355	18,621,632
Total Operating Expenditures	(8,786,493)	(7,893,478)	(9,116,241)
Operating Surplus / (Deficit)	8,876,834	10,264,877	9,505,391
Total CIP, Debt Proceeds, & Equipment	(4,506,511)	(5,401,092)	(14,798,366)
Ending Fund Balance	\$20,198,216	\$20,691,679	\$15,398,704

Wastewater Accomplishments & Strategic Initiatives



Accomplishments

- Fewer sewer overflows than maximum allowable by SF Baykeeper
- Completed 360 video inspections of sewer pipes and manholes
- Completed 212 sewer lateral inspections

Strategic Initiatives

- Multiple Avenue sewer replacement project
- Crystal Springs Road sewer replacement project



Wastewater Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues	\$17,663,327	\$18,621,632
Expenditures	\$10,211,959	\$10,364,132
Surplus / (Deficit)	\$7,451,368	\$9,461,715

Notable Budget Changes & Service Level Challenges

- Additional revenues from 5% rate increase and higher returns on investments
- Attrition savings and salary step, health & pension increases
- Increased SSF Plant operating and capital cost support



Public Works Department Stormwater Division

Jimmy Tan
Director



Stormwater Overview

6.05 FTEs

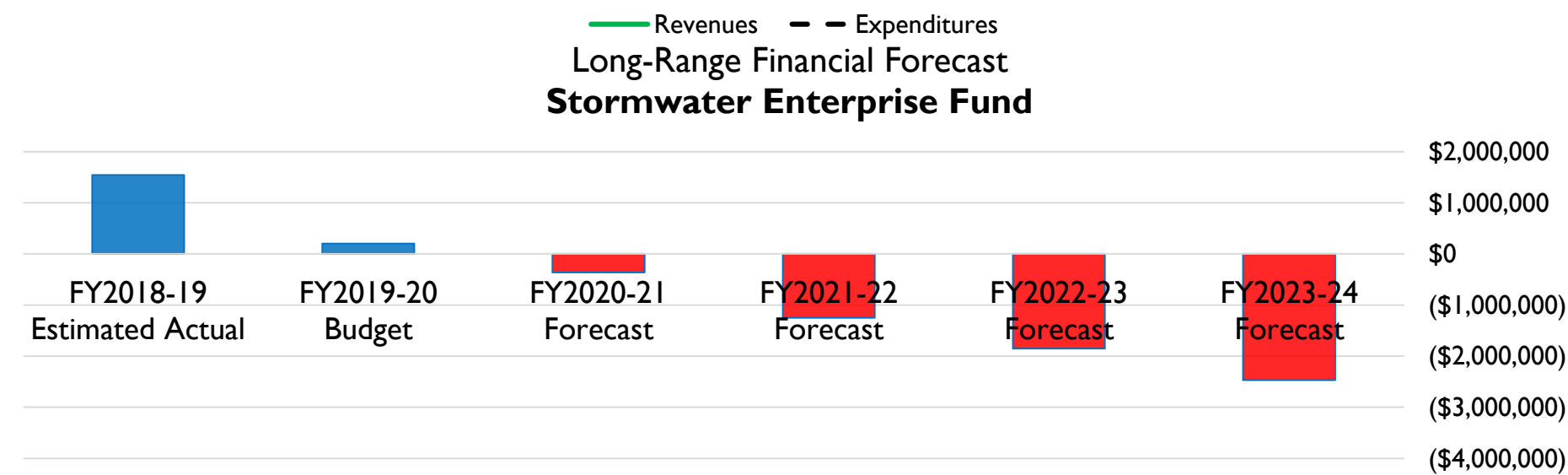
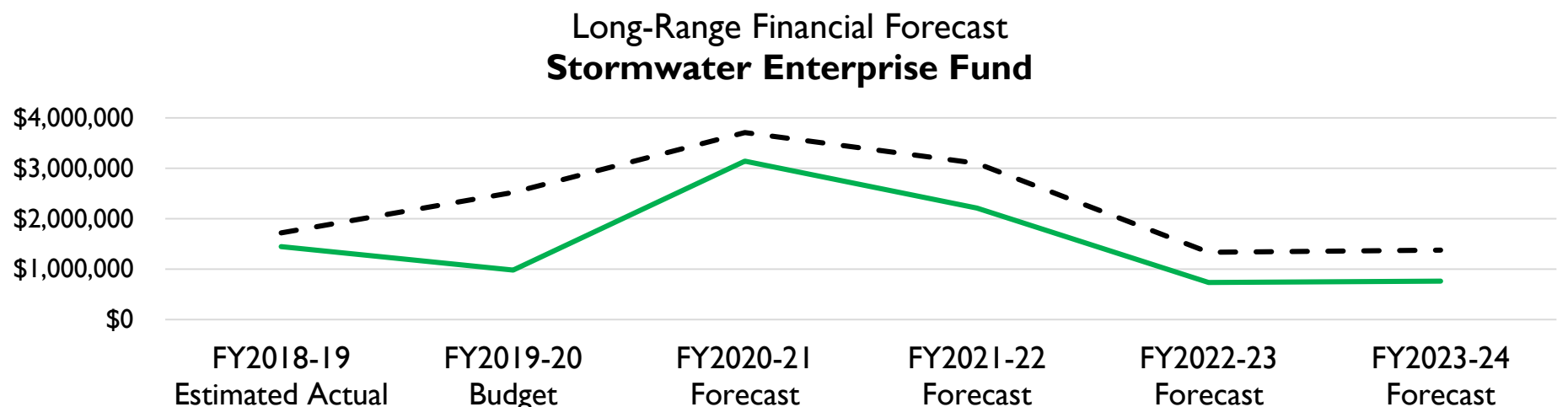
Street Sweeping &
Stormwater
Collection

Customer Service
Activities

Routine Repair &
Maintenance

Regulatory
Compliance &
Best Management
Practices

Stormwater Long Range Financial Plan





Stormwater Enterprise

	FY2018-19 Amended Budget	FY2018-19 Estimated Actual	FY2019-20 Proposed Budget
Beginning Fund Balance	\$1,819,291	\$1,819,291	\$1,546,482
Total Operating Revenues	688,000	677,308	679,000
Total Operating Expenditures	(1,597,751)	(1,336,300)	(1,222,784)
Operating Surplus / (Deficit)	(909,751)	(658,992)	(543,784)
Total CIP, Debt Proceeds, & Equipment	(406,936)	386,184	(799,446)
Ending Fund Balance	\$502,603	\$1,546,482	\$203,252

Stormwater Accomplishments & Strategic Initiatives



Accomplishments

- Awarded contract for 3 collection system locations
- Completed video inspection of more than 3,000 feet of storm pipeline and 8,300 feet of culverts
- Responded to and picked up trash at 1,650 locations
- Installed 188 trash capture devices

Strategic Initiatives

- Spyglass Drive Storm Drain Improvements
- Green Infrastructure Plan



Stormwater Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues	\$938,000	\$679,000
Expenditures	\$1,597,751	\$1,222,784
Surplus / (Deficit)	(\$659,751)	(\$543,784)

Notable Budget Changes & Service Level Challenges

- Salary step, health & pension increases
- Removed 1-time expense for CCTV assessment work
- Purchase sweeper using Streets equipment reserve
- Inadequate funding to support on-going operations



Cable Department

Sandeep Krishnamurthy
Director



Cable Overview

20.00 FTEs

Broadband
Services

Customer Care &
Support

Optimized
Delivery System

High Speed
Internet Service

Wi-Fi Internet
Service

Voice Over
Internet Protocol
Phone Service
(VoIP)

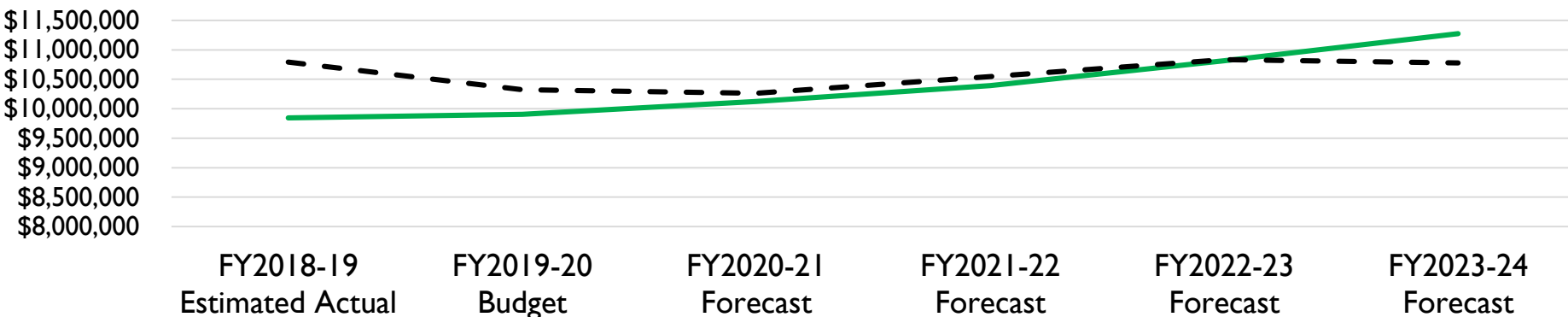
Commercial Voice
& Data Services

Local Origination
Programming

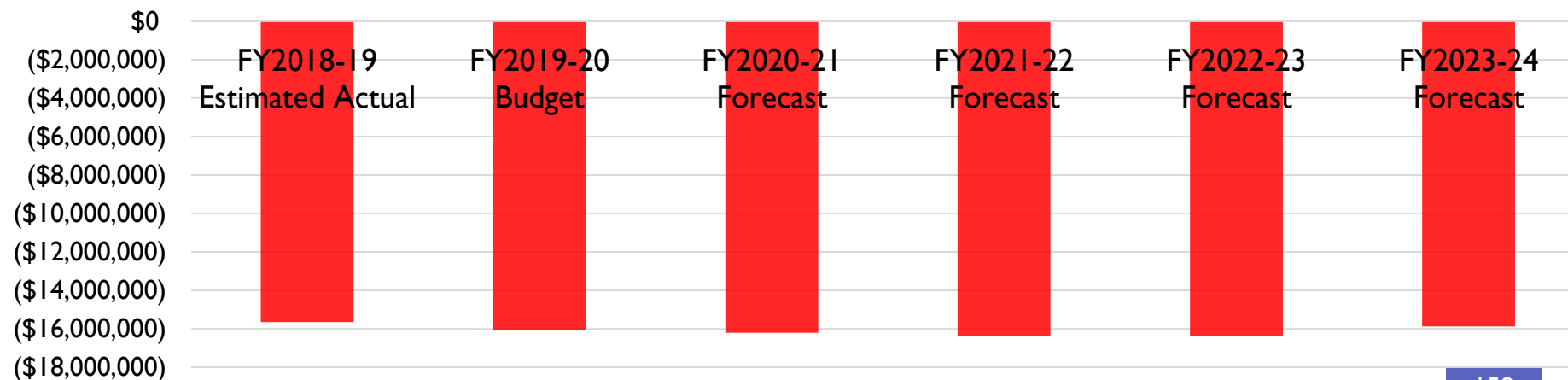
Cable Long Range Financial Plan



Long-Range Financial Forecast
Cable Enterprise Fund



— Revenues — Expenditures
Long-Range Financial Forecast
Cable Enterprise Fund



Cable Enterprise



	FY2018-19 Amended Budget	FY2018-19 Estimated Actual	FY2019-20 Proposed Budget
Beginning Fund Balance	(\$14,706,114)	(\$14,706,114)	(\$15,654,149)
Total Operating Revenues	10,926,411	9,845,415	9,907,120
Total Operating Expenditures	(11,048,417)	(10,248,505)	(9,437,608)
Operating Surplus / (Deficit)	(122,006)	(403,090)	469,512
Total CIP, Debt Proceeds, & Equipment	(12,546,608)	(544,944)	(884,984)
Ending Fund Balance	(\$27,374,728)	(\$15,654,149)	(\$16,069,621)

Cable Accomplishments



NEW MARKET LEADING PACKAGES LAUNCHED

Internet plus local TV at low prices.



NEW LOOK & FEEL

Updated TV Guide on Set Top Boxes now available



NEW LANGUAGES NOW AVAILABLE IN BASIC

New Chinese, Filipino and Korean channels now included in Basic Programming. Spanish channels already available.



LOW COST PHONE

\$7.50/month phone line now available!



NEW RATE CARD

Now available



PERFORMANCE IMPROVEMENTS

Increased internet capacity, speeds and reliability.



NEW LOGO AND MARKETING

Rebranding and Campaign Planning under implementation



NEW COST CONTROLS

Card Processor changed – 30% savings

Phone line costs lowered – 59% cheaper

Network monitoring costs lowered – 52% lower



CHANNEL 1

Upgrades under review.



Cable Strategic Initiatives

Strategic Initiatives

- Community Fiber Upgrade
- Repayment of Cable Loan from General Fund
- Channel 1 Updates



Cable Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues	\$10,926,411	\$9,907,120
Expenditures	\$11,052,355	\$9,792,698
Surplus / (Deficit)	(\$125,944)	\$114,422

Notable Budget Changes & Service Level Challenges

- Revenue increases from new rate card and focus on Internet business, reductions in Cable, pay-per-view and digital services
- Salary step, health & pension increases
- Increased maintenance expenses
- Contract cost savings from recent renegotiations
- Removal of equity transfer to the General Fund
- First budgeted annual operating surplus in recent years
- Aging fleet of vehicles

Fiber-To-The-Home - MFDs

- Peninsula Place, Crystal Spring Terrance & Shelter Creek fibers projects have been completed.
- Installation cost - \$2.2M
- Subscribers generate \$2M annual revenue and 26% revenue growth to date.



PROPERTY	UNITS	SUBSCRIBERS (% PENETRATION)
Peninsula Place	860	488 (57%)
Crystal Springs	437	367 (84%)
Shelter Creek	1,296	911 (70%)
Total	2,593 (17%)	1,766 (68%)



IV. Department Operating Budgets Internal Service Departments





Internal Service Fund Reserves

Reserve Type	Reserve Policy Target	FY2018-19 Ending Balance	FY2019-20 Policy Target	FY2019-20 Ending Balance	Budget Percent of Target
Central Garage	25% of annual, budget expenditures	\$10,261	\$199,598	\$199,598	100%
Building & Facilities	25% of annual, budget expenditures	\$58,192	\$380,067	\$380,067	100%
Technology	25% of annual, budget expenditures	\$213,285	\$245,235	\$245,235	100%
Total		\$281,738	\$824,900	\$824,900	100%



Public Works Department Central Garage Division

Jimmy Tan
Director



Central Garage Overview

3.35 FTEs

Provide Employees
with Operable,
Well-Maintained
Vehicles

Preventive
Maintenance &
Repair

Vehicle Acquisition
& Disposal

Support Services

Central Garage

Accomplishments & Strategic Initiatives



Accomplishments

- Coordinate the purchase of 25 vehicles to maintain a reliable City fleet
- Completed a new vehicle replacement policy

Strategic Initiatives

- Continue to provide maintenance to City's vehicles
- Reduce maintenance completion time



Central Garage Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$587,000	\$810,000
Expenditures	\$655,253	\$798,391
Central Garage Fund Support	\$68,253	(\$11,609)

Notable Budget Changes & Service Level Challenges

- Cost increases for fuel, parts and supplies
- More expensive to repair large diesel trucks
- Additional Garage Mechanic Position



Community Services Department Building & Facilities Division

Joanne Magrini
Director



Building & Facilities Overview

8.55 FTEs

Maintenance &
Management for
17 facilities

Custodial,
maintenance &
repair

Management &
Supervision of
Construction
Projects

Oversee
Implementation of
ADA Transition
Plan

Building & Facilities

Accomplishments & Strategic Initiatives



Accomplishments

- Collaborated with Public Works for the completion of the new deck at the Senior Center
- LED lightbulb upgrade at City facilities to reduce energy costs
- Managed roof replacement at Fire Station 52
- Library generator connection to City Hall back-up

Strategic Initiatives

- ADA Compliance at City buildings and facilities
- Conduct citywide facilities needs assessment
- Conduct roof and HVAC repairs at City facilities



Building & Facilities Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$1,300,271	\$1,514,000
Expenditures	\$1,259,321	\$1,520,269
Building & Facilities Fund Support	(\$40,950)	\$6,269

Notable Budget Changes & Service Level Challenges

- Increased costs for janitorial supplies, maintenance, uniforms and safety items
- Increased costs for HVAC maintenance and testing
- 0.50 FTE Parks & Facilities Services Manager enhancement



Information Technology Division

Tami Yuki
Assistant City Manager



Technology Overview

3.00 FTEs

Manage &
Maintain City's
Core IT
Infrastructure

Network & Data
Security

Centralized
Service Desk

Business
Applications &
Management

City Department
Solutions
Management

Centralized
Phone
Management

Website
Development &
Administration

Technology Accomplishments & Strategic Initiatives



Accomplishments

- Replaced end-of-life network equipment
- Upgraded desktop malware protection software
- Implement on-line permit system
- Initiate scan and digitize engineering drawings project

Strategic Initiatives

- Conduct strategic software needs assessment
- Migration to “paperless” office plan
- Upgrade conference rooms & City Hall mobile computing infrastructure
- Implement network security monitoring & alert system



Technology Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$710,000	\$833,000
Expenditures	\$812,118	\$980,939
Technology Fund Support	\$102,118	\$147,939

Notable Budget Changes & Service Level Challenges

- Salary step, health & pension increases
- Additional professional services for GIS project
- Additional equipment for PC replacement citywide
- Review Citrix system for replacement



Self Insurance Fund

Keith DeMartini
Director



Self Insurance Fund Overview

Worker's Compensation Claims

- Self-insurance covers medical, disability, salary continuation and legal costs
- General & Enterprise Fund contributions

General Liability

- Joint Power Authority member, public liability & physical damage
- General & Enterprise Fund contributions

Unemployment Insurance

- Employee obligations mandated by the State
- General & Enterprise Fund contributions

Self Insurance

Accomplishments & Strategic Initiatives



Accomplishments

- Provides insurance protection for workers' compensation, public liability & physical damage claims
- Provides employer obligations for State unemployment insurance
- Only 24 claims received in FY2018-19 – lower than the prior 2 fiscal years

Strategic Initiatives

- Maintain adequate coverage at competitive cost



Self Insurance Budget

Item	FY2018-19 Amended Budget	FY2019-20 Proposed Budget
Departmental Revenues / Recovery	\$2,078,568	\$2,246,554
Expenditures	\$2,246,554	\$2,444,844
Self Insurance Fund Support	\$167,986	\$198,290

Notable Budget Changes & Service Level Challenges

- Increased workers' compensation by \$70K
- Increased General Liability premiums by \$118K
- Reduced unemployment claims by \$10K



V. Capital Improvement Program (CIP)



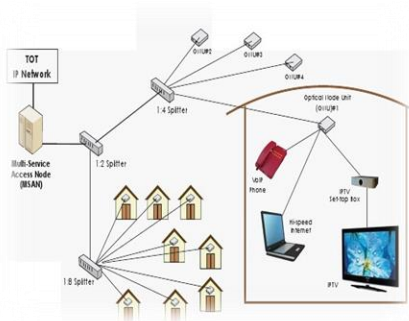
CIP Summary



Fund	Carryover Appropriations	FY2019-20 Funding Request	FY2019-20 Project Funding	Total 5-Year Program
Water	\$26,076,937	\$1,862,706	\$27,939,643	\$55,349,643
Wastewater	27,218,557	7,565,543	34,784,100	77,164,100
Stormwater	799,446	500,000	1,299,446	5,249,446
Cable	10,413,020	(10,003,126)	409,894	1,209,894
Parks & Facilities	17,172,591	3,072,927	20,245,518	67,050,518
Police Department	133,310	390,000	523,310	523,310
Streets	3,412,191	3,329,193	6,741,384	11,023,384
Technology	36,697	105,000	141,697	3,341,697
Total	\$85,262,749	\$6,822,243	\$92,084,992	\$220,911,992

Recently Completed Projects

Fund	Project	Defunded Amount	Defunded Back To
Water	San Mateo Avenue	\$137,294	Water
Wastewater	Spyglass Pump Station	84,457	Wastewater
Cable	Fiber to the Home for Multiple Dwelling	312,126	General Fund Capital Reserve
Parks & Facilities	Civic Center Improvements	8,822	
Parks & Facilities	Wood Carving Restoration	95,385	
Streets	Caltrain – Grade Separation	674,007	
Total		\$1,312,091	



Earl/Glenview Park



Additional Funding to Existing Projects

Fund	Project	FY2019-20 New Request
Streets	Pavement Management – 2019 Street Rehabilitation	\$750,000
Streets	Pavement Management – 2019 Slurry Seal	500,000
Streets	FY2019-20 Sidewalk Repair	200,000
Total		\$1,450,000



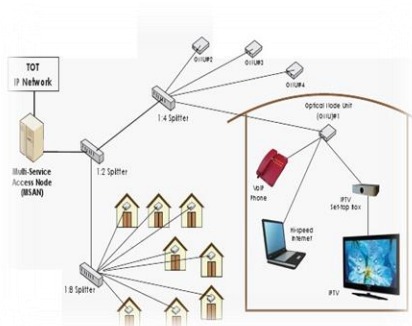
New Projects

Fund	Project	FY2019-20 New Request
Stormwater	Crestmoor Canyon Slope Stability Project	\$300,000
Stormwater	Regional Stormwater Capture Project	200,000
Parks & Facilities	City Facilities Door Access & Management System	0
Police	Dispatch & Records Ergonomic Updates	150,000
Technology	Strategic Software Needs Assessment & Upgrade	50,000
Technology	Data Security Business Continuity, Disaster Recovery Improvement	50,000
Total		\$750,000



Defunded Projects

Fund	Project	Defunded Amount
Cable	Fiber to the Home -Citywide	\$10,000,000
Parks & Facilities	City Hall Landscaping	30,000
Parks & Facilities	City Tree Management	121,678
Parks & Facilities	Fireman's Hall Roof Replacement	30,000
Parks & Facilities	Library Generator	50,000
Total:		\$10,231,678





CIP Summary – 5 Year Plan

Fund	FY2019-20 Budget	FY2020-21 CIP Plan	FY2021-22 CIP Plan	FY2022-23 CIP Plan	FY2023-24 CIP Plan	Total FY2020-24
Water	\$27,939,643	\$16,150,000	\$6,600,000	\$4,460,000	\$200,000	\$55,349,643
Wastewater	34,784,100	21,860,000	7,210,000	9,810,000	3,500,000	77,164,100
Stormwater	1,299,446	2,450,000	1,500,000			5,249,446
Cable	409,894	200,000	200,000	200,000	200,000	1,209,894
Parks & Fac	20,245,518	30,305,000	16,500,000			67,050,518
Police	523,310					523,310
Streets	6,741,384	2,282,000	1,000,000	500,000	500,000	11,023,384
Technology	141,697	1,100,000	1,100,000	1,000,000		3,341,697
Total	\$92,084,992	\$74,347,000	\$34,110,000	\$15,970,000	\$4,400,000	\$220,911,992

CIP Summary – 5 Year Plan

Water Mains



Water Pump Stations



Sewer Mains



Water Tanks



Water Well Rehab



Storm Trash Capture





FY21-24 - Underfunded Projects

Fund	Project	FY2020-21 CIP Plan	FY2021-22 CIP Plan	FY2022-23 CIP Plan	FY2023-24 CIP Plan
Stormwater	Spyglass Drive Storm Drain	\$1,500,000			
Stormwater	Trash Capture Device	200,000	1,500,000		
Park & Fac	City Facilities – Main Counter Security	40,000			
Park & Fac	City Facilities – Door Access & Management	100,000			
Park & Fac	Commodore Dog Park	40,000			
Park & Fac	Fire Station 52 Replacement		8,000,000		
Park & Fac	Park Pathways	125,000			
Streets	Accessible Pedestrian Ramps	100,000	100,000		
Streets	Bicycle & Pedestrian Improve	1,002,000			
Streets	Pedestrian Safety & Traffic-Calming	100,000	100,000	100,000	100,000

FY21-24 - Underfunded Projects (cont.)



Fund	Project	FY2020-21 CIP Plan	FY2021-22 CIP Plan	FY2022-23 CIP Plan	FY2023-24 CIP Plan
Streets	Sidewalk Repair Program	400,000	400,000	400,000	400,000
Streets	Streetlight Pole Replacement	400,000	400,000		
Streets	Traffic Signal Rehab	280,000			
Technology	Strategic Software Needs Assessment & Upgrade	1,000,000	1,000,000	1,000,000	
Technology	Data Security, Business Continuity, Disaster Recovery	100,000	100,000		
Total		\$5,387,000	\$11,600,000	\$1,500,000	\$500,000

FY21-24 - Underfunded Projects (cont.)



Fire Station 52



Bike & Pedestrian Improvements



Software Upgrades



Park Pathways



FY24-25 & Beyond - Unfunded Projects



Capital projects with no dedicated funding source

- ADA Transition Plan projects
- City-Wide Paving
- Crestmoor Canyon Fire Safety Improvements & Trails
- Pedestrian Bridge
- San Mateo Avenue Streetscape Plan
- Street Light Replacement – RO Streetlight System

FY24-25 & Beyond - Unfunded Projects



Major City facility and capital projects

- City Hall Civic Center
- Fireman's Hall Roof Replacement
- Fire Station No. 51
- Library
- Parks Maintenance Yard
- Police Plaza
- Public Works Corporation Yard
- Stormwater Collection System projects
- Cable Fiber to the Home (FTTH)
- Downtown Parking Garage
- Regional Stormwater Capture Project at I-280 and I-380
- Scott Street Grade Separation



VI. Equipment & Vehicles





Equipment Reserve

- Equipment Reserve Fund
 - For General Fund departments only
 - Used to fund heavy equipment, furniture, fixtures and vehicles
 - \$340,600 annual allocation into the fund from departments
 - \$4.2M estimated ending balance at end of FY2018-19
- FY2019-20 Funding Status
 - Current balance represents **64%** of the target.
 - Current annual allocation represents **38%** of the target.
- Next Steps
 - Separate funds for equipment, furniture and vehicles
 - Create similar “fund” for enterprise and other departments
 - Develop complete inventory & consider additional funding



Equipment & Vehicle Requests

Fund	Equipment	Vehicles	FY2019-20 Budget
Cable Fund		\$120,000	\$120,000
General Fund Equipment Reserve	6,700	440,000	446,700
Water & Wastewater Funds		100,000	100,000
Total	\$6,700	\$660,000	\$666,700



VII. Debt Service



Debt Summary

- Debt Management policy adopted October 2017
 - Issue debt when it's economically efficient
 - Integration with Capital Improvement Plan
 - Consider refinancing with debt service savings greater than 3.0% of refunded principal
- Recent Debt Transactions
 - 2017 Water & Wastewater Bonds
 - 2018 Loan to Cable for Routers
 - 2019 COP Refinancing of Police Facility
- AAA Credit Rating for the City

AAA

S&P Global
Ratings



2019 Lease Revenue Bond – Police Facility

- S&P Credit Rating: **AA+**
- “Very High Grade Credit” rating
- Very strong economy
- Strong management
- Good financial policies and practices
- Strong budgetary performance with operating surpluses
- Strong budget flexibility and liquidity

	Moody's	Fitch	S&P
Highest grade credit	Aaa	AAA	AAA
Very high grade credit	Aa1, Aa2, Aa3	AA+, AA, AA-	AA+, AA, AA-
High grade credit	A1, A2, A3	A+, A, A-	A+, A, A-
Good credit grade	Baa1, Baa2, Baa3, Baa4	BBB+, BBB, BBB-	BBB+, BBB, BBB-
Speculative grade credit	Ba1, Ba2, Ba3	BB+, BB, BB-	BB+, BB, BB-
Very speculative credit	B1, B2, B3	B+, B, B-	B+, B, B-
Substantial risks - In default	Caa1, Caa2, Caa3, Ca	CCC, CC, C, RD, D	CCC+, CCC, CCC-, CC, C, D



Debt Metrics

Metric	Target	Fund	FY2019-20 Proposed Budget
Debt Level	<\$2,000 per capita and	General Fund	\$346.95
	<3% debt to market value assessed properties		0.19%
Debt Service Burden	<8% of Total General Fund expenditures		4.7%
Rapid debt amortization	>65% within 10 years		94%
Debt Service Coverage	1.25 annual net revenue over debt service	Water Enterprise	10.77
		Wastewater Enterprise	4.87

- Low debt burden with additional debt capacity
- All metrics are favorable compared to targets



Debt Portfolio

Debt	Year of Issuance	Year of Maturity	Original Amount	Outstanding Principal*	Interest Rate	Annual Debt Service	
						FY2018-19 Total	FY2019-20 Total
State Revolving Fund with City of South San Francisco	2003	2023	\$9,104,859	\$2,212,543	Varies	\$589,551	\$589,551
State Revolving Fund with City of South San Francisco	2007	2026	\$7,147,177	\$2,911,011	Varies	\$458,471	\$458,471
Pension Obligation Bonds (POBs)	2013	2027	\$13,175,000	\$7,965,000	4.05%	\$1,179,931	\$1,180,350
Wastewater Revenue Refunding Bonds	2013	2033	\$6,955,000	\$5,575,000	3% - 4.25%	\$538,275	\$530,775
Cable Fiber to the Home Loan for Multi-Dwelling Units	2016	2023	\$1,170,000	\$659,936	0.525%	\$170,269	\$170,270
Fire Apparatus Lease Purchase Financing	2017	2022	\$1,873,846	\$444,214	1.89%	\$182,754	\$182,754
Wastewater Revenue Bonds	2017	2047	\$24,470,000	\$24,225,000	3% to 5%	\$1,244,700	\$1,426,500
Water Revenue Bonds	2017	2047	\$11,615,000	\$11,495,000	3% to 5%	\$594,400	\$678,100
Cisco Router Lease Purchase	2018	2022	\$1,630,339	\$1,283,408	3.75%	\$352,027	\$352,026
Lease Revenue Bond (Police)	2019	2031	\$4,670,000	\$4,670,000	2.39%	\$0	\$508,056



VIII. Next Steps



Next Steps

Item	Description	Date	Time
I.	City Council Budget Retreat	May 29	10:00am – 5:00pm
II.	City Council Study Session	June 11	5:30pm – 7:00pm
III.	City Council Adoption	June 25	7:00pm

Questions and Discussion





THE END